



OFFICE of the AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR - GENERAL OF THE REPUBLIC OF FIJI

2023 AUDIT REPORT SOCIAL SERVICES SECTOR





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OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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09 May 2025

The Honourable Filimone Jitoko
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Constitution Drive
SUVA

Dear Sir

2023 AUDIT REPORT ON SOCIAL SERVICES SECTOR

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on the Social Services Sector for the financial year 2023.

A copy of the report has been submitted to the Minister for Finance who as required under section 152(14) of the Constitution shall lay the report before Parliament within 30 days of receipt, or if Parliament is not sitting, on the first day after the end of that period.

Yours sincerely

Finau Seru Nagera
AUDITOR-GENERAL



Encl.

The Office of the Auditor-General – Republic of Fiji

The Office of the Auditor-General is established as an Independent Office by the Constitution of the Republic of Fiji. Its roles and responsibilities include audit of the accounts of the Consolidated Fund and whole of Government financial statements and annual appropriation statement required to be included in the whole of Government annual report for a financial year under the *Financial Management Act 2004*. The audit extends to the accounts of all money received or held by a State entity, whether or not for purposes of Government. These audits are carried out by the Auditor-General on behalf of Parliament.

At least once every year, the Auditor-General must report to Parliament on the audits conducted and on *other significant matters* the Auditor-General wishes to bring to the attention of Parliament. This report satisfies these requirements.

The Office of the Auditor-General notes the impact of its reports to Parliament on the ordinary citizens and strives for accuracy and high-quality reporting including recommendations which are not only value-adding to the entity subject to audit but all its stakeholders as well.

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1.0 SECTOR SUMMARY

This report contains the summaries and analysis of the audit findings and high-level recommendations aimed at strengthening financial reporting for the following agencies under the Social Services Sector:

| | |
|--------------|--|
| Head 21 & 26 | Ministry of Education, Heritage and Arts & Higher Education Institutions |
| Head 22 | Ministry of Health and Medical Services |
| Head 23 | Ministry of Housing and Community Development |
| Head 24 | Ministry of Women, Children and Poverty Alleviation |
| Head 25 | Ministry of Youth and Sports |

Results of Audits – Quality and Timeliness of Financial Statements

All Ministries were issued with unmodified audit opinions except for Ministry of Health and Medical Services, which was issued with a modified audit opinion due to unreconciled variance that existed between the Value Added Tax on Revenue balance and the Statement of VAT Account balance for the Bulk Purchase Scheme.

The timeliness for the submission of the draft financial statements for audit was assessed as satisfactory. All the Ministries submitted draft financial statements for audit by the due date of 31 October, an improvement from the previous year.

A total of 19 audit findings have been reported compared to 33 identified in the previous year.

Furthermore, the timeliness for submission of management comments and the return of signed audited financial statements were also assessed as detailed in section 3.5.

2.0 AUDIT OPINION

The main outcome of an audit is the independent auditor's report on the agency financial statements that are prepared and submitted to the Auditor-General.

Comparatively to the financial years 2021 and 2022, the outcome of the agency financial statements audits for the agencies under the Social Services Sector remain consistent except for the Ministry of Health and Medical Services which was issued with modified audit opinion for the financial years 2022 and 2023.

The results of the audits for the last three financial years are presented in the table below:

| Ministry/Department | 2023 Financial Year | | 2022 Financial Year | 2021 Financial Year |
|---|--------------------------------|--------------------------|--------------------------|--------------------------|
| | Date Audit Report Signed | Audit Opinion Type | Audit Opinion Type | Audit Opinion Type |
| 21. Ministry of Education, Heritage and Arts | 22/04/2024 | Unmodified | Unmodified | Unmodified |
| 22. Ministry of Health and Medical Services | 22/05/2024 | Modified – Qualified | Modified - Qualified | Unmodified |
| 23. Ministry of Housing and Community Development | 09/04/2024 | Unmodified | Unmodified | Unmodified |
| 24. Ministry of Women, Children and Poverty Alleviation | 05/08/2024 | Unmodified | Unmodified | Unmodified |
| 25. Ministry of Youth and Sports | 14/05/2024 | Unmodified | Unmodified | Unmodified |

The reporting framework on which the agency financial statements of Ministries and Departments are prepared are based on the requirements of the Financial Management Act 2004 and Finance Instructions 2010.

2.1 Types of Audit Opinion

In accordance with International Standards on Auditing, the Auditor-General expresses an **unmodified opinion** when the financial statements are prepared in accordance with the relevant financial reporting framework and legislative requirements. This type of opinion indicates that material misstatements, individually or in aggregate, were not noted in our audit, which would affect the financial statements of an entity.

Modified Opinions:

A **qualified opinion** is issued when having obtained sufficient appropriate audit evidence, we conclude that misstatements, individually or in aggregate, are material, but not pervasive, to the financial statements; or we are unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

An **adverse opinion** is expressed when, having obtained sufficient appropriate audit evidence, conclude that misstatements, individually or in aggregate, are both material and pervasive to the financial statements.

A **disclaimer of opinion** is issued when sufficient appropriate audit evidence is unable to be obtained on which to base the opinion, and we conclude that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

An **Emphasis of Matter** (EoM) paragraph is included in the auditor's report to highlight an issue that will help the user better understand the financial statements. An **Other Matter** paragraph highlights a matter that is relevant to users' understanding of the audit report.

3.0 FINANCIAL REPORTING

Sound financial management require the important elements of accurate and timely financial statements. They bring accountability and transparency to the way public resources are utilised. Financial Reporting for the Ministries has been assessed on the following aspects:

- Preparation of Draft Agency Financial Statements
- Quality of Draft Financial Statements
- Timeliness of Draft Financial Statements
- Timeliness of Provision of Management Comments and Signing of Financial Statements

Permanent Secretaries and Heads of Departments are responsible for the preparation of the financial statements in accordance with the Financial Management Act 2004 and Finance Instructions 2010, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.




Details of our assessments are provided under [Section 3.5 – Assessment Results Summary](#).

3.1 Preparation of Draft Agency Financial Statements

On 27 April 2023, Permanent Secretary for Finance issued Circular No. 05/2022-2023 to Permanent Secretaries, Heads of Departments and High Commissioners in Fiji Foreign Missions in which procedures for closing of 2023 accounts and timelines were detailed.

1. Cancellation of unprocessed purchase orders by 18 July 2023
2. Retirement of Imprest by 14 July 2023
3. Processing of payments by 28 July 2023
4. Closing date for journal adjustments by 17 August 2023
5. Processing of virement by 18 August 2023
6. Completion of reconciliation by 25 August 2023
7. Clearance of Interdepartmental clearance accounts by 8 August 2023
8. Submission of Arrears of Revenue Return by 25 August 2023

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

| Rating | Year-end close process assessment |
|---|---|
|  Effective | All 8 key processes completed by the due date |
|  Generally effective | 4 to 7 key processes completed by the due date |
|  Ineffective | Less than 4 processes completed by the due date |

3.2 Quality of Draft Financial Statements

The extent of audit adjustments made to the draft financial statements indicated the effectiveness of an entity's internal review processes before the accounts are submitted for audit.

We assessed the quality of the draft financial statements by the impact these adjustments had on the total expenditure, operating results or net assets of the Ministry.

| Rating | Quality of draft financial statements assessment |
|-----------------------|---|
| ● Effective | No adjustments required |
| ● Generally effective | Adjustments on total expenditure, operating results/net assets were less than one percent |
| ● Ineffective | Adjustments on total expenditure operating results/net assets were more than one percent |

3.3 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due, and the date received for audit.

| Rating | Timeliness of draft financial statements assessment |
|---------------|---|
| ● Effective | Acceptable draft financial statements received on or before 31 October 2023 |
| ● Ineffective | Acceptable draft financial statements received after 31 October 2023 |

3.4 Timeliness of Provision of Management Comments and Signing of Financial Statements

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the dates the draft management letter and audited financial statements were issued to entity and the dates management comments and signed accounts were received.

| Rating | Timeliness of Management Comments |
|---------------|--|
| ● Effective | Within 14 days from the issue date of Draft Management Letter |
| ● Ineffective | After 14 days from the issue date of Draft Management Letter |
| Rating | Timeliness of Signed Financial Statements Received |
| ● Effective | Within 14 days from the issue date of Financial Statements for signing |
| ● Ineffective | After 14 days from the issue date of Financial Statements for signing |

3.5 Assessment Result Summary

The table below comparatively summarises the assessments of the financial statements preparing processes and timeliness of responses to the Office of the Auditor-General for the past three years. The details of the assessments are included in each Section.

| Ministry or Department | Financial Statement Preparation | | | | | | | | | Responses to OAG | | | | | |
|---|---------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|------------------|-----|-----|------|-----|-----|
| | T | | | YE | | | Q | | | TMC | | | TSFS | | |
| Financial Year | '23 | '22 | '21 | '23 | '22 | '21 | '23 | '22 | '21 | '23 | '22 | '21 | '23 | '22 | '21 |
| Social Services Sector | | | | | | | | | | | | | | | |
| 21. Ministry of Education, Heritage and Arts | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| 22. Ministry of Health and Medical Services | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| 23. Ministry of Housing and Community Development | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| 24. Ministry of Women, Children and Poverty Alleviation | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| 25. Ministry of Youth and Sports | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |

'23 = 2023 '22 = 2022 '21 = 2021

T = Timeliness of draft financial statements

YE = Year-end close processes

Q = Quality of draft financial statements

TMC = Timeliness of management comments

TSFS = Timeliness of signing audited financial statements

Head 21**Ministry of Education, Heritage and Arts****Roles and Responsibilities**

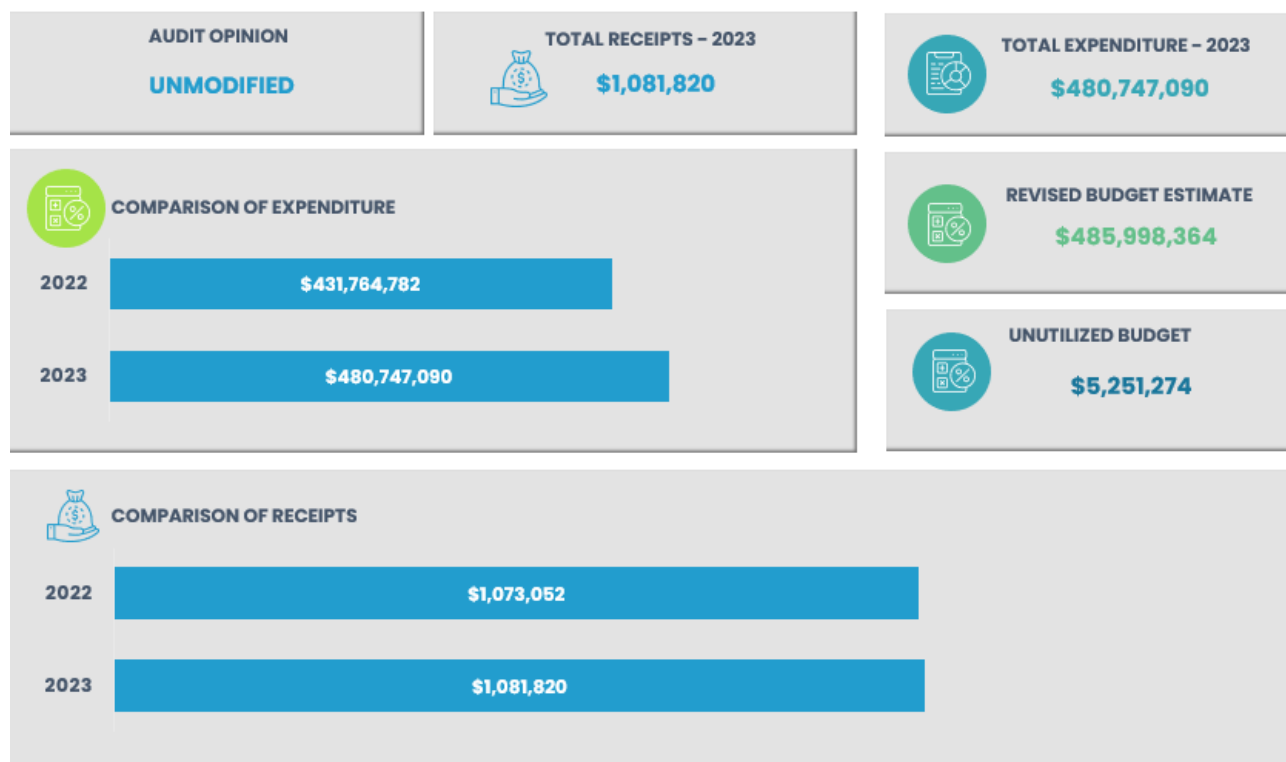
The Ministry of Education, Heritage and Arts is responsible for the design, implementation, monitoring and evaluation of educational legislations, policies, and programs in Fiji. It provides the structures, human resources, budget, administrative and management support to ensure that the quality-of-service delivery is maintained at a high level. The Ministry is specifically tasked to conduct and deliver education services at early childhood education, primary and secondary education, special and vocational schools, vocational education and training programs, technical college education, professional development and training for teachers and training of school managers and controlling authorities.

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PART A: FINANCIAL INFORMATION

21.1 Financial Information



21.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Education, Heritage and Arts resulted in an unmodified audit opinion.

However, attention was drawn to the following:

- Internal controls over clearance of Operating Trust Fund and Revolving Fund accounts balances were generally weak. The major components of the closing balances comprised balances carried forward from previous years.
- The Ministry did not have in place written policies, procedures, and guidelines for monitoring of Grants to Government Schools.

21.3 Appropriation Statement

The Ministry incurred expenditures totalling \$480.7 million against a revised budget of \$486 million resulting in unutilised budget of \$5.3 million or 1%. A total of \$1.08 million in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 21.1.

Table 21.1: Head 21 - Appropriation Statement for 2023

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate (\$) | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|------------------------------------|----------------------|--------------------|-----------------------|-------------------------|---------------------------|
| 1 | Established Staff | 357,949,948 | --- | 357,949,948 | 356,073,355 | 1,876,593 |
| 2 | Government Wage Earners | 3,883,320 | --- | 3,883,320 | 3,716,537 | 166,783 |
| 3 | Travel & Communications | 703,950 | 565,116 | 1,269,066 | 1,163,195 | 105,871 |
| 4 | Maintenance & Operations | 914,500 | 182,052 | 1,096,552 | 971,845 | 124,707 |
| 5 | Purchase of Goods & Services | 9,398,882 | (521,082) | 8,877,800 | 8,365,389 | 512,411 |
| 6 | Operating Grants & Transfers | 110,975,401 | (2,003,210) | 108,972,191 | 107,172,944 | 1,799,247 |
| 7 | Special Expenditure | 133,700 | 134,705 | 268,405 | 223,358 | 45,047 |
| | Total Operating Expenditure | 483,959,701 | (1,642,419) | 482,317,282 | 477,686,623 | 4,630,659 |
| 8 | Capital Construction | 2,070,000 | (1,035,214) | 1,034,786 | 758,942 | 275,844 |
| 9 | Capital Purchase | 453,000 | (200,000) | 253,000 | 228,793 | 24,207 |
| 10 | Capital Grants & Transfers | 2,218,000 | (885,803) | 1,332,197 | 1,332,197 | --- |
| | Total Capital Expenditure | 4,741,000 | (2,121,017) | 2,619,983 | 2,319,932 | 300,051 |
| 13 | Value Added Tax | 1,230,794 | (169,695) | 1,061,099 | 740,535 | 320,564 |
| | TOTAL EXPENDITURE | 489,931,495 | (3,933,131) | 485,998,364 | 480,747,090 | 5,251,274 |

The unutilised budget resulted mainly from the following:

- Ceasing payments of acting allowances for teachers during school holidays.
- Reduction of overtime hours for Government Wage Earners.
- Grants were released to compliant schools only and were withheld for schools that did not meet the grant payment conditions outlined in the School Management Handbook 2020.

21.4 Appropriation Statement

The Higher Education Institutions incurred expenditures totaling \$47.1 million against a revised budget of \$47.1 million.

Details of expenditures against the revised budget are provided in Table 21.2.

Table 21.2: Head 26 - Appropriation Statement for 2023

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate (\$) | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|------------------------------------|----------------------|--------------------|-----------------------|-------------------------|---------------------------|
| 6 | Operating Grants & Transfers | 48,933,841 | (1,834,862) | 47,098,979 | 47,098,979 | --- |
| | Total Operating Expenditure | 48,933,841 | (1,834,862) | 47,098,979 | 47,098,979 | --- |
| 10 | Capital Grants & Transfers | --- | --- | --- | --- | --- |
| | Total Capital Expenditure | --- | --- | --- | --- | --- |
| | TOTAL EXPENDITURE | 48,933,841 | (1,834,862) | 47,098,979 | 47,098,979 | --- |

PART B: OTHER SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report include control weaknesses which could cause or is causing severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary, actions are not taken to address them.

It is important to note that the issues detailed in this report may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2023.

21.5 Late Clearance of Revolving Fund Account (RFA) - Recurring Issue

A travelling officer shall recoup the travel advance within seven days of completing travel by submission of an acquittal report with supporting documents.¹ Upon clearance of the advance, the Accounts Officer Payments/ Clerical Officers Claims shall update the debtors register, offset the advance account, and debit the appropriate expenditure account.²

The Ministry's RFA, which records accountable advance, had an outstanding balance of \$263,754 as at 31 July 2023, an increase of \$98,771 or 60% from the previous year. The audit noted that the high closing balance in 2023 was due to late retirement of accountable advances with no consequences for non-compliance. Over 60% of the balance was outstanding for more than 12 months. Refer to Table 21.3 below for details.

Table 21.3: Ageing of closing balance

| Balance 31/07/2023 | 0-3 months | 3-6 months | 6-9 Months | 9-12 months | > 12 months | Total (\$) |
|--------------------|------------|------------|------------|-------------|-------------|----------------|
| RFA Ageing | 67,335 | 13,083 | (7,018) | 25,371 | 164,983 | 263,754 |
| | 26% | 5% | -3% | 10% | 62% | 100% |

¹ Ministry of Education, Finance Manual 2017, Section 10.1.11

² Ministry of Education, Finance Manual 2017, Section 10.1.16

This indicated that the Ministry did not have in place an effective follow up process to ensure timely retirement of accountable advances.

Recommendations

The Ministry should:

- establish an effective follow-up process that will ensure timely retirement of accountable advances and compliance with the Finance Manual.
- ensure non-compliance with the requirements of the Finance Manual should be dealt with according to the Ministry's disciplinary policy.

Agreed Management Action

Audit comment is noted. The Ministry has agreed with the comments provided and wishes to inform Audit that the current balance of \$164,983 has now being reduced to \$143,157.71 for which we will be taking further legal actions. The Ministry has written to the 7 officers who owe Advances to the Ministry to recoup funds, failure to respond to the letter, these officers will be taken to court to recover the sums. We are currently strengthening our internal processes to avoid a high balance of RFA in future.

21.6 Balances Carried Forward for Operating Trust Fund Account - Recurring Issue

The ledger reconciliation statement shall be forwarded to the Principal Accounts Officer. The Principal Accounts Officer must ensure that:

- all balances are accurate and adequately supported.
- any misallocations or outstanding balances from the previous month have been dealt with.³

The closing balance for operating trust fund account as at 31 July 2023 was \$1,792,434. Review of the FMIS general ledger revealed that \$1,405,751 or 78% have been carried forward from previous years with minimal movement noted during the year. Refer to Table 21.4 below for details.

Table 21.4: Details of Carried Forward Balance

| Allocation | Outstanding Balance (\$) | | Movement (\$) |
|-------------------|--------------------------|------------------|----------------|
| | 31/7/2022 | 31/7/2023 | |
| 12100000000861500 | 8,079 | 7,981 | (98) |
| 12100000000861700 | 14,443 | 14,361 | (82) |
| 12100000000861900 | 1,383,229 | 1,777,086 | 393,857 |
| Total | 1,405,751 | 1,799,428 | 393,677 |

Failure to promptly investigate and rectify the outstanding balances from prior years has resulted in the substantial balance for the operating trust fund account.

Recommendations

- The Ministry should liaise with Ministry of Finance to make the necessary accounting adjustments after reviewing the balance carried forward from previous years.
- The Ministry should consider capacity development for accounting officers involved in the monthly reconciliation of accounts and awareness on the requirements of the Finance Instructions and Finance Manual.

³ Ministry of Education, Finance Manual 2017, Section 16.3.6

Agreed Management Action

Audit comments are noted.

The majority of the running balance comes from FNPF. These was from the supervisors, casual staffs and attachés that worked without complete FNPF details. The Ministry assures the audit that currently, these amounts are being closely monitored so that it doesn't accumulate and that any new changes are dealt with immediately. With the Finance restructuring and establishment of the following positions of Manager Finance, Senior Finance Officer-Ledgers and Assistant Finance Officer-Ledgers, the Trust fund account operations will be closely monitored and rectified. Each item are currently scrutinized to try and resolve the running balances.

With the new FMIS being implemented in the new FY the FNPF numbers are a mandatory field, the above issue will not be repeated.

21.7 Absence of Policies, Procedures and Guidelines for Government Schools - Recurring Issue

The audit noted that documented guideline for Free Education Grant for Government Schools was still in draft form pending approval.

Certain Government Schools did not submit to the Ministry documents such as bank reconciliation statements, cash book and acquittals that would enable proper monitoring of the utilization of grants. Refer to Table 21.5 below for details.

Table 21.5: Details of Cash Book and Acquittals Not Submitted to Ministry

| School | Grant | Months cash book and acquittals were not submitted |
|-------------------------------|-------------------|--|
| Adi Cakobau School | Tuition Ration | Feb-23, May-23, Jun -23 Feb-23, Jun -23 |
| Queen Victoria School | Tuition Ration | Sep-22, Oct-22, Jul 23 Sep-22, Oct-22, Apr-23, Jul-23 |
| Ratu Kadavulevu School | Tuition Ration | Sep-22, Oct-22, Nov-22 Aug-22, Sep-22, Oct-22, Nov-22, Dec-22, Feb-23, Jun -23 |
| Nasinu Secondary School | Tuition | Feb-23, Jun -23 |
| Natabua High School | Tuition Ration | Aug-22, Jan-23, Feb-23, Mar-23, Jun -23 Jan-23, Mar-23, May-23, Jun -23 |
| Natabua Primary School | Tuition | Nov-22, Mar-23, Jun -23, Jul-23 |
| Delainamasi Government School | Tuition | Dec-22, Jan-23, Feb-23 |
| Bucalevu Secondary School | Tuition Ration | Oct-22, Dec-22, Jan-23, Feb-23 Sep-22, Nov-22, Jan-23, Feb-23, Mar-23 |
| Levuka Public School | Ration | Jan-23, Mar-23, Jun -23 |
| Vunisea Secondary School | Tuition Ration | Aug-22, Nov-22, Dec-22, Jan-23, Jun -23, Jul-23 Nov-22, Dec-22, Jan-23, Feb-23, Apr-23, May-23, Jun -23, Jul-23 |

The absence of clear guidelines for the management contributed to the non-submission of acquittals by Government schools. This also indicated that the Ministry did not have a stringent monitoring process in place for the release of Free Education Grants to Government schools.

Recommendation

The Ministry should prioritize the finalization and approval of the handbook for Free Education Grant Management for Government schools and ensure compliance with the requirements in the handbook including timely submission of acquittals.

Agreed Management Action

The implementation of School Management Handbook (SMH) for Government Schools was delayed due to the numerous changes in senior management and leadership for the past 2 years and COVID19 lockdown. The School Management Handbook for Government Schools has been drafted and the recent reintroduction of the Board of Governance for Government Schools is being mapped with various roles and responsibilities. Once completed, this will be submitted for review and consultation before the SMH is implemented.

21.8 Procurement Anomalies at Government Schools – Recurring Issue

The School Bursar/ Administration Officer will prepare a Purchase Order and submit to the School Head for approval. The following documents need to be attached to the Purchase Order:

- Requisition form
- Quotations
- Evaluation Form.⁴

Immediately after payment has been effected, the cashier must stamp “paid” on all vouchers and supporting documentation to avoid any double payments.⁵

The audit of acquittals of Government Schools revealed that competitive quotes, invoices and Local Purchase Orders (LPO) were not attached to the payment vouchers. In addition, the payment vouchers and supporting documents were not stamped paid. Refer to **Appendix 21.1** for details.

The audit findings indicate that payment procedures were not always followed by Government Schools. Failure to implement internal control and processing payments without proper documentation increases the risk of unauthorized payments.

Recommendation

The Ministry should ensure that Schools follow proper procurement process and all payment records are safely maintained.

Agreed Management Action

The audit recommendations are noted. In line with the continuous improvements, the Ministry has appointed an Auditor for Government Schools. The auditor will monitor the schools’ compliance to the procurement regulations and MoE’s Finance Manual.

The Ministry is in the process of drafting the School Management Handbook for Government Schools which will govern various procurement and payment process for the schools.

⁴ Ministry of Education, School Management Handbook 2020, Section B4.3.2 Step 4

⁵ Ministry of Education, Finance Manual 2017, Section 2.8.9

21.9 Salary Overpayments – Recurring Issue

Accounts Officer Salaries must immediately inform the salaries clerk and ensure that the resignation date is entered into the payroll and salary is terminated in time to avoid overpayment of salary.⁶

The audit of payroll revealed overpayments of salaries for teachers that have resigned. Refer to Tables 21.6 and 21.7 below for salary overpayments from 2020 to 2023.

Table 21.6: Details of Overpayment

| Year | Total Salary Overpayments (\$) |
|------|--------------------------------|
| 2020 | 39,687 |
| 2021 | 14,169 |
| 2022 | 36,449 |
| 2023 | 16,650 |

Table 21.7: Details of Overpayment – 31 July 2023

| No. | Emp. ID (TPF) | Total Salary Overpaid | Comments |
|--------------|---------------|-----------------------|---------------------------------|
| 1 | 83974 | 12,619 | Salary overpayment for 231 days |
| 2 | 111462 | 1,665 | Salary overpayment for 37 days |
| 3 | 83800 | 2,366 | Salary overpayment 37 days |
| TOTAL | | 16,650 | |

Teachers resigning without giving 30 days' notice and untimely cessation of salaries have resulted in salary overpayments.

Recommendations

The Ministry should:

- ensure that notice of resignations are processed without delay to ensure timely cessation of salary payments.
- consider automating the exit and teacher replacement requests process.

Agreed Management Action

Audit recommendation is noted. Due process is followed based on the Standard Operating Processes on exit. Exit and teacher replacement request automation request has begun. Human Resource team is liaising with IT Team on the finer details to get this project going. This will curb the overpayment of salaries as exit notifications will allow timely salary cessation. The update is on hold until Ministry of Civil Service provides confirmation on the update as it should be in line with the HRMIS System for Whole of Government. Notification of overpayment has been sent and follow-ups on the recovery are being done and releasing of any Official Document is on hold until overpayment is cleared.

The Ministry has agreed with the Management recommendation above on the exit of teachers and now has ensured that stringent control is carried out before officers exit the Ministry.

⁶ Ministry of Education, Finance Manual 2017, Section 4.1.7

21.10 Absence of Risk Register – Recurring Issue

On a quarterly basis, each Ministry of Education, Heritage and Arts Section/Unit/Sub-unit shall identify and list the potential risk factors that may hinder the achievement of its objectives.⁷

The audit noted that Sections/UnitsSub-units of the Ministry did not maintain risk registers to capture risks that have been identified and for effective proactive mitigation.

In the absence of a risk register, the Ministry may not be able to take proactive actions to mitigate risks which could affect business operations.

Recommendation

The Ministry should consider developing and maintaining risk registers for proactive mitigation of risks that can severely impact business operations.

Agreed Management Action

The audit comments are noted. The Ministry wishes to advise Audit that the Ministry will have separate risk registers for separate sections where the relevant risks will be identified and mitigated accordingly.

⁷ *Ministry of Education, Risk Management Policy 2015, Section 6.1.1*


PART C: ASSESSMENT OF FINANCIAL REPORTING

21.11 Preparation of Draft Agency Financial Statements

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.


| KEY FOCUS AREAS | ACHIEVEMENT | KEY FOCUS AREAS | ACHIEVEMENT |
|---|---|--|---|
| Cancellation of unprocessed purchase orders by 18 July 2023 |  | Processing of virements by 18 August 2023 |  |
| Retirement of imprest by 14 July 2023 |  | Completion of reconciliations by 25 August 2023 |  |
| Processing of payments by 28 July 2023 |  | Submission of arrears of revenue return by 25 August 2023 |  |
| Closing date for journal adjustments by 17 August 2023 |  | Clearance of inter-departmental clearance accounts by 08 August 2023 |  |

Based on information received, we have assessed the 2023 year-end closing process as:

| Rating | Year-end closing process assessment |
|---|---|
|  Generally effective | 6 key processes completed by the due date |


21.12 Quality of Draft Financial Statements

We assessed the quality of draft financial statements by the impact audit adjustments had on the operating results or net assets. Our assessment of the Ministry of Education, Heritage and Arts was:

| Rating | Quality of draft financial statements assessment |
|---|--|
|  Effective | No adjustments required |

21.13 Timeliness of Draft Financial Statements


To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due, and the date received for audit. Accordingly, we have assessed timeliness as:


| Rating | Timeliness of draft financial statements assessment |
|---|---|
|  Effective | Acceptable draft financial statements received before 31 October 2023 |

21.14 Timeliness of Provision for Management Comments and Financial Statements for Signing

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the dates the draft management letter and audited financial statements were issued and the date management comments, and signed accounts were received.

Accordingly, we have assessed timeliness as:

| Rating | Timeliness of Management Comments Received |
|---|---|
|  Ineffective | Received after 14 days from the issue date of Draft Management Letter |

| Rating | Timeliness of Signed Financial Statements Received |
|---|--|
|  Effective | Received within 14 days from the issue date of audited Financial Statement for signing |

APPENDIX 21.1: Details of Procurement Anomalies in Government Schools

| School Registration Code | Date | Cheque No. | Amount (\$) | Remarks |
|--------------------------|------------|------------|-------------|---|
| 1215 | 06/06/2023 | 2035 | 2,234.38 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 16/05/2023 | 2045 | 2,637.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 23/06/2023 | 2046 | 2,492.36 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 27/06/2023 | 2052 | 1,145.70 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/06/2023 | 2033 | 3,243.15 | Payment voucher and supporting documents were not stamped 'paid'. |
| 1638 | 05/04/2023 | 001840 | 4,862.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/04/2023 | 001844 | 4,942.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/04/2023 | 001849 | 4,265.25 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 17/04/2023 | 001856 | 2,673.72 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 17/04/2023 | 001855 | 1,557.37 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 02/03/2023 | 003308 | 1,899.94 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/03/2023 | 003313 | 1,495.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 17/03/2023 | 003318 | 1,972.58 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 17/03/2023 | 003321 | 2,900.32 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/04/2023 | 001844 | 4,942.50 | LPO Not Attached |
| 1504 | 20/01/2023 | 985 | 3,591.12 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 30/01/2023 | 998 | 2,943.04 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/02/2023 | 999 | 2,504.85 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 22/02/2023 | 1001 | 1,695.54 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 20/01/2023 | 986 | 949.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 09/02/2023 | 2131 | 3,400.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 25/01/2023 | 2124 | 1,800.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 01/02/2023 | 2127 | 630.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 02/01/2023 | 2129 | 239.80 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 25/01/2023 | 2124 | 1,800.00 | Invoice Not Attached |
| | 20/01/2023 | 985 | 3,591.12 | Competitive Quotes Not Attached |
| | 13/02/2023 | 999 | 2,504.85 | Competitive Quotes Not Attached |
| | 22/02/2023 | 1001 | 1,695.54 | Competitive Quotes Not Attached |
| | 20/01/2023 | 986 | 949.00 | Competitive Quotes Not Attached |

| School Registration Code | Date | Cheque No. | Amount (\$) | Remarks |
|--------------------------|------------|------------|-------------|---|
| | 01/02/2023 | 2127 | 630.00 | Competitive Quotes Not Attached |
| | 01/02/2023 | 2126 | 500.00 | Competitive Quotes Not Attached |
| | 02/01/2023 | 2129 | 239.80 | Competitive Quotes Not Attached |
| | 20/01/2023 | 985 | 3,591.12 | LPO Not Attached |
| | 13/02/2023 | 999 | 2,504.85 | LPO Not Attached |
| | 22/02/2023 | 1001 | 1,695.54 | LPO Not Attached |
| | 20/01/2023 | 986 | 949.00 | LPO Not Attached |
| 1056 | 13/06/2023 | 2198 | 2,000.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 10/07/2023 | 2209 | 650.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 03/07/2023 | 2201 | 710.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 03/07/2023 | 2202 | 662.60 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/06/2023 | 2198 | 2,000.00 | Competitive Quotes Not Attached |
| 2325 | 11/04/2023 | 002041 | 1,100.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/04/2023 | 002043 | 1,054.42 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 21/04/2023 | 002044 | 1,046.80 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/04/2023 | 002047 | 1,906.38 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 21/04/2023 | 002054 | 1,462.34 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 21/04/2023 | 002044 | 1,046.80 | Invoice Not Attached |
| 1215 | 19/06/2023 | 2752 | 2,575.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 23/06/2023 | 2751 | 2,337.51 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/06/2023 | 2750 | 4,697.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 08/06/2023 | 2741 | 2,014.20 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 06/06/2023 | 2035 | 2,234.38 | Invoice Not Attached |
| | 27/06/2023 | 2052 | 1,145.70 | Invoice Not Attached |
| | 05/06/2023 | 2033 | 3,243.15 | Invoice Not Attached |
| | 23/06/2023 | 2046 | 2,492.36 | Competitive Quotes Not Attached |
| | 27/06/2023 | 2052 | 1,145.70 | Competitive Quotes Not Attached |
| 1825 | 05/05/2023 | 2901 | 4,145.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/05/2023 | 2908 | 1,299.75 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/05/2023 | 2911 | 562.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 22/05/2023 | 2914 | 3,125.60 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 30/05/2023 | 2919 | 3,819.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 30/05/2023 | 2923 | 2,181.65 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 03/10/2022 | 3709 | 1,360.00 | Payment voucher and supporting documents were not stamped 'paid' |

| School Registration Code | Date | Cheque No. | Amount (\$) | Remarks |
|--------------------------|------------|------------|-------------|---|
| | 04/10/2022 | 3710 | 688.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/10/2022 | 3723 | 352.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/10/2022 | 3725 | 3,450.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/10/2022 | 3726 | 2,650.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/10/2022 | 3725 | 3,450.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/10/2022 | 3726 | 2,650.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/10/2022 | 3723 | 352.00 | Competitive Quotes Not Attached |
| | 19/10/2022 | 3725 | 3,450.00 | Competitive Quotes Not Attached |
| 2538 | 06/01/2023 | 2726 | 4,959.76 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 12/01/2023 | 2729 | 425.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 14/01/2023 | 2728 | 350.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 16/01/2023 | 2730 | 2,171.09 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 20/01/2023 | 2735 | 675.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/01/2023 | 1963 | 4,097.17 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 05/01/2023 | 1964 | 328.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 10/01/2023 | 1965 | 1,580.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 25/01/2023 | 1967 | 507.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 12/01/2023 | 2729 | 425.00 | Invoice Not Attached |
| | 14/01/2023 | 2728 | 350.00 | Invoice Not Attached |
| | 25/01/2023 | 1967 | 507.50 | Competitive Quotes Not Attached |
| | 12/01/2023 | 2729 | 425.00 | Competitive Quotes Not Attached |
| | 14/01/2023 | 2728 | 350.00 | Competitive Quotes Not Attached |
| 2541 | 19/04/2023 | 20109 | 505.20 | Payment voucher and supporting documents were not stamped 'paid'. |
| | Not filled | 2123 | 1,091.90 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/05/2023 | 2127 | 5,288.04 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 25/05/2022 | 2133 | 3,247.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | Not filled | 2122 | 5,800.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 23/05/2023 | 1172 | 8,463.97 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 23/05/2023 | 1173 | 18,023.41 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 10/05/2023 | 1165 | 2,866.11 | Payment voucher and supporting documents were not stamped 'paid'. |

| School Registration Code | Date | Cheque No. | Amount (\$) | Remarks |
|--------------------------|------------|------------|-------------|---|
| | 16/05/2023 | 1166 | 1,560.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 23/05/2023 | 1171 | 7,827.07 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 16/05/2023 | 1166 | 1,560.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 23/05/2023 | 1171 | 7,827.07 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/04/2023 | 20109 | 505.20 | Competitive Quotes Not Attached |
| | Not filled | 2123 | 1,091.90 | Competitive Quotes Not Attached |
| | 19/05/2023 | 2127 | 5,288.04 | Competitive Quotes Not Attached |
| | 25/05/2022 | 2133 | 3,247.50 | Competitive Quotes Not Attached |
| | Not filled | 2122 | 5,800.00 | Competitive Quotes Not Attached |
| | 19/04/2023 | 20109 | 505.20 | LPO Not Attached |
| | Not filled | 2123 | 1,091.90 | LPO Not Attached |
| | 19/05/2023 | 2127 | 5,288.04 | LPO Not Attached |
| | 25/05/2022 | 2133 | 3,247.50 | LPO Not Attached |
| | Not filled | 2122 | 5,800.00 | LPO Not Attached |
| | 16/05/2023 | 1166 | 1,560.00 | LPO Not Attached |
| | 23/05/2023 | 1171 | 7,827.07 | Payment voucher and supporting documents were not stamped 'paid'. |
| 2560 | 30/09/2022 | 1699 | 458.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 01/09/2022 | 1685 | 1,900.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 02/09/2022 | 1687 | 1,162.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 22/09/2022 | 1696 | 520.07 | Competitive Quotes Not Attached |
| | 02/09/2022 | 1689 | 578.00 | Competitive Quotes Not Attached |
| | 22/09/2022 | 1696 | 520.07 | LPO Not Attached |
| | 30/09/2022 | 1699 | 458.00 | LPO Not Attached |
| | 02/09/2022 | 1689 | 578.00 | LPO Not Attached |
| | 09/09/2022 | 1690 | 225.00 | LPO Not Attached |
| | 28/03/2023 | 815 | 8,826.13 | Payment voucher and supporting documents were not stamped 'paid'. |
| 2392 | 23/03/2023 | 817 | 4,275.54 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 29/03/2023 | 820 | 900.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 27/03/2023 | 818 | 4,182.43 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 30/03/2023 | 821 | 7,244.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 03/03/2023 | 3203 | 3,076.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 24/03/2023 | 3217 | 2,173.70 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 16/03/2023 | 3212 | 1,713.24 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 03/03/2023 | 3205 | 1,485.15 | LPO Not Attached |
| | 03/07/2023 | 003529 | 4,495.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| 1057 | | | | |

| School Registration Code | Date | Cheque No. | Amount (\$) | Remarks |
|--------------------------|------------|------------|-------------|---|
| | 03/07/2023 | 003530 | 1,000.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 13/07/2023 | 003542 | 2,750.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 17/07/2023 | 003550 | 1,691.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 25/07/2023 | 003571 | 3,190.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 07/12/2022 | 546 | 6,430.00 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 07/12/2022 | 547 | 6,844.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/12/2022 | 550 | 1,623.95 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/12/2022 | 551 | 11,449.50 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 19/12/2022 | 552 | 1,277.79 | Payment voucher and supporting documents were not stamped 'paid'. |
| | 07/12/2022 | 547 | 6,844.50 | Competitive Quotes Not Attached |
| | 07/12/2022 | 547 | 6,844.50 | LPO Not Attached |
| | 03/07/2023 | 003530 | 1,000.00 | LPO Not Attached |
| | 13/07/2023 | 003542 | 2,750.00 | LPO Not Attached |
| | 17/07/2023 | 003550 | 1,691.00 | LPO Not Attached |
| | 25/07/2023 | 003571 | 3,190.00 | LPO Not Attached |

Head 22**Ministry of Health and Medical Services****Roles and Responsibilities**

The Ministry of Health and Medical Services is responsible for the promotion of health and well-being, protection of life and prevention & cure of disease, injuries and substance abuse. The Ministry of Health and Medical Services for the financial year 2022 - 2023 was budgeted for the following measurable/verifiable improvement in outcomes for the citizens of Fiji:

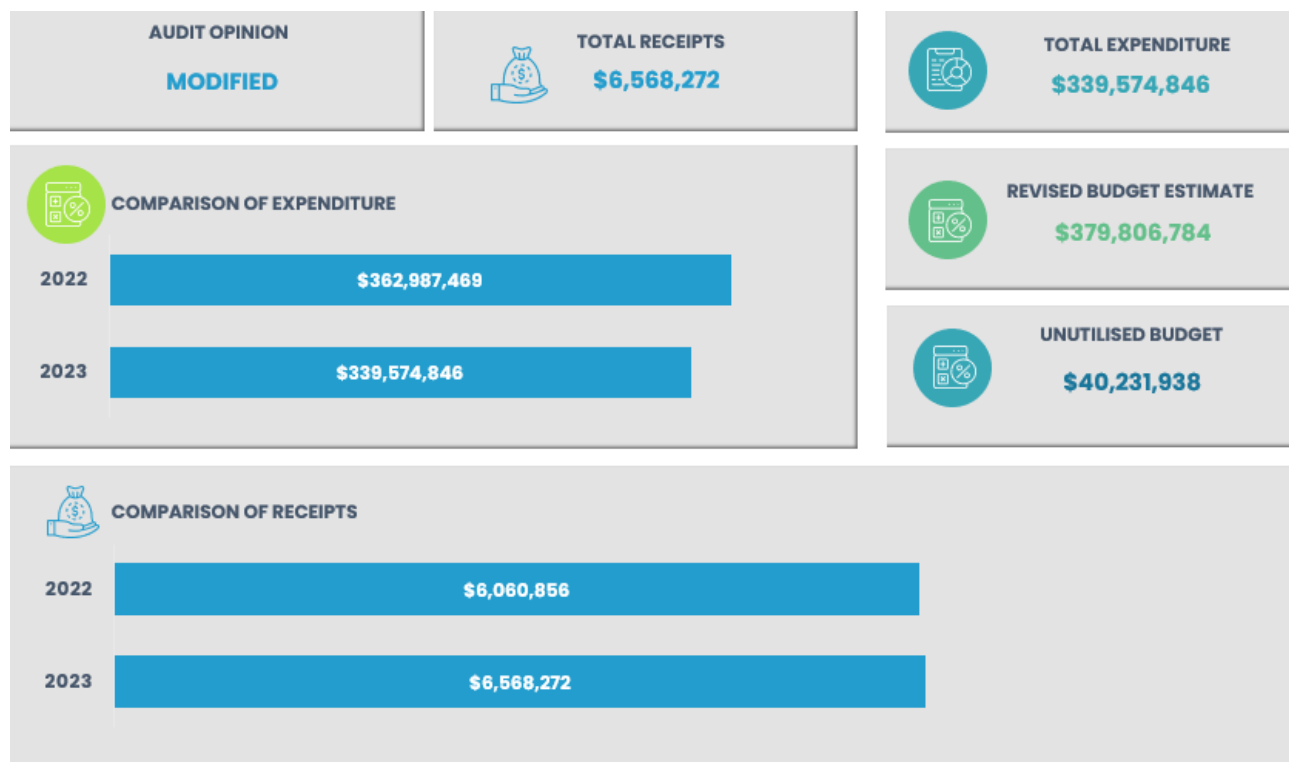
- Increase in service delivery outcome under broad priority areas such as Non-Communicable Diseases, Maternal & Child Health and Communicable Diseases including environmental health and disaster preparedness.
- Increase in primary health care outcomes by expanding outreach programmes, improving continuum of care and improving quality and safety standards at health facilities.
- Increase in availability and accessibility of medicinal products and medical equipment to ensure effective service-delivery.

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PART A: FINANCIAL INFORMATION

22.1 Financial Information



22.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Health and Medical Services resulted in a modified audit opinion, based on the following qualification for the Trading and Manufacturing Account:

An unreconciled variance of \$19,377 existed between the Value Added Tax (VAT) on Revenue recorded in the Balance Sheet and the Statement of VAT Account for the Bulk Purchase Scheme Trading and Manufacturing Account.

22.3 Appropriation Statement

The Ministry incurred expenditures totaling \$339.6 million against a revised budget of \$379.8 million resulting in unutilised budget of \$40.2 million or 10.6%. A total of \$6.6 million in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 22.1.

Table 22.1: Head 22 - Appropriation Statement

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|------------------------------------|----------------------|---------------------|--------------------|-------------------------|---------------------------|
| 1 | Established Staff | 215,338,453 | (23,626,360) | 191,712,093 | 179,540,658 | 12,171,435 |
| 2 | Government Wage Earners | 17,222,436 | 3,517,255 | 20,739,691 | 19,134,579 | 1,605,112 |
| 3 | Travel & Communication | 6,519,310 | 2,347,371 | 8,866,681 | 6,639,755 | 2,226,926 |
| 4 | Maintenance & Operations | 18,991,364 | 3,636,440 | 22,627,804 | 20,109,857 | 2,517,947 |
| 5 | Purchase of Goods & Services | 85,604,149 | 4,041,802 | 89,645,951 | 83,688,966 | 5,956,985 |
| 6 | Operating Grants & Transfers | 1,970,000 | 11,000 | 1,981,000 | 1,953,688 | 27,312 |
| 7 | Special Expenditure | 10,111,117 | 112,782 | 10,223,899 | 6,341,928 | 3,881,971 |
| | Total Operating Expenditure | 355,756,829 | (9,959,710) | 345,797,119 | 317,409,431 | 28,387,688 |
| 8 | Capital Construction | 9,899,965 | (8,702,526) | 1,197,439 | 1,112,219 | 85,220 |
| 9 | Capital Purchase | 8,123,287 | 372,221 | 8,495,508 | 6,827,005 | 1,668,503 |
| 10 | Capital Grants & Transfers | 10,701,504 | 2,463,160 | 13,164,664 | 7,751,370 | 5,413,294 |
| | Total Capital Expenditure | 28,724,756 | (5,867,145) | 22,857,611 | 15,690,594 | 7,167,017 |
| 13 | Value Added Tax | 10,637,264 | 514,790 | 11,152,054 | 6,474,821 | 4,677,233 |
| | TOTAL EXPENDITURE | 395,118,849 | (15,312,065) | 379,806,784 | 339,574,846 | 40,231,938 |

22.4 Trading and Manufacturing Account

The Bulk Purchase Scheme (BPS) is a commercial arm of the Ministry of Health's Fiji Pharmaceutical & Biomedical Supply Centre which has a revolving fund ceiling of \$500,000. The primary purpose of the BPS is to engage in the acquisition and the sale of affordable pharmaceutical products in Fiji.

Table 22.2: TMA-Manufacturing Account-Bulk Purchase Scheme

| Description | 2023 (\$) | 2022 (\$) |
|---|----------------|----------------|
| Sales | 153,248 | 152,700 |
| Opening stock of Finished Goods | 31,463 | 88,397 |
| Add: Purchases | 107,682 | 100,714 |
| | 139,145 | 189,111 |
| Less: Closing stock of Finished Goods | 10,679 | 31,463 |
| Cost of Goods Sold | 128,466 | 157,648 |
| Gross Profit/(Loss) transferred to Profit & Loss Statement | 24,782 | (4,948) |

The TMA recorded a gross profit of \$24,782 in 2023 compared to the gross loss of \$4,948 in 2022. The gross profit resulted from a slight increase in sales and reduction in cost of goods sold.

Table 22.3: TMA-Profit and Loss Statement-Bulk Purchase Scheme

| Description | 2023 (\$) | 2022 (\$) |
|--|-----------------|-----------------|
| Income | | |
| Gross Profit/(Loss) transferred to Profit & Loss Statement | 24,782 | (4,948) |
| Expenses | | |
| Personnel Emoluments | 24,262 | 25,365 |
| FNPF | 1,581 | 1,371 |
| Travel Domestic | 1,101 | 1,101 |
| Office Upkeep and Supplies | 231 | 231 |
| Special Fees and Charges | 55 | 45 |
| Lease and Rental Payments | 16,514 | 16,514 |
| Total Expense | 43,744 | 44,627 |
| Net (Loss) | (18,962) | (49,575) |

Table 22.4: TMA-Balance Sheet-Bulk Purchase Scheme

| Description | 2023 (\$) | 2022 (\$) |
|--|----------------|----------------|
| Current Assets | | |
| Cash at Bank | 461,200 | 440,429 |
| Accounts Receivables | --- | 11,925 |
| VAT Receivables | 19,904 | 19,097 |
| Finished Goods | 10,679 | 31,463 |
| Total Current Assets | 491,783 | 502,914 |
| Total Assets | 491,783 | 502,914 |
| Total Liabilities | --- | --- |
| Net Assets | 491,783 | 502,914 |
| Equity | | |
| TMA Surplus Transferred to Consolidated Fund | (599,625) | (599,625) |
| TMA Accumulated Surplus | 1,110,370 | 1,152,114 |
| Net (Loss) | (18,962) | (49,575) |
| Total Equity | 491,783 | 502,914 |

Total assets slightly decreased by \$11,131 or 2% in 2023 compared to 2022. The decrease was mainly due to the reduction in Accounts Receivable and Finished Goods.

22.5 Trust Fund Account

Trust money is to be accounted for separately from public money and other money. Trust money is to be kept in a separate bank account pending its withdrawal for use. The Ministry of Health and Medical Services operated and maintained four main trust fund bank accounts which include the following:

(a) CWM Hospital Staff Amenities Trust Fund Account

This trust fund account was for the emergency purchase of medicines, consumables or other medical items that are urgently required for patient care.

Table 22.5: CWM Hospital Staff Amenities Trust Fund

| Description | 2023 (\$) | 2022 (\$) |
|---|---------------|---------------|
| Receipts | 5 | --- |
| Total Receipts | 5 | --- |
| Payments | 116 | 161 |
| Total Payments | 116 | 161 |
| Net (Deficit) | (111) | (161) |
| Opening Balance as at 01/08/2022 | 35,203 | 35,364 |
| Closing Balance as at 31/07/2023 | 35,092 | 35,203 |

(b) Cardiac Taskforce Trust Fund Account

This trust fund account was set up to cater for the annual visits by the Seventh Day Adventist Open Heart Cardiac Surgery team. Cash donations from sponsors and supporting companies are deposited into this trust fund bank account. The account had a closing balance of \$652 as at 31 July 2023. There were no movements in the account during the year.

(c) Fiji Children Overseas Treatment Fund

The Trust Fund Account was created for the purpose of donations towards the purchases of medications and consumables related to children's treatments that are not funded by Government.

Table 22.6: Fiji Children's Overseas Treatment Trust Fund

| Description | 2023 (\$) | 2022 (\$) |
|---------------------------------------|----------------|----------------|
| Receipts | 1,000 | 50,423 |
| Total Receipts | 1,000 | 50,423 |
| Payments | 14,546 | 17,159 |
| Total Payments | 14,546 | 17,159 |
| Net (Deficit)/Surplus | (13,546) | 33,264 |
| Opening Balance as at 01/08/22 | 323,725 | 290,461 |
| Closing Balance as at 31/07/23 | 310,179 | 323,725 |

Donations received was higher in 2022 than in 2023. In 2023, a donation of \$1,000 was received from the Oceania Hospital. The New Zealand Women's Organization donated over \$50,000 in 2022 for financially challenged children during the COVID-19 pandemic.

(d) Cardiology Services Fund

The Trust Fund account was set up to cater for the purchases of expensive cardiology investigation consumables. These consumables are used for diagnostic and therapeutic angiography. Fees charged for the cardiology investigations are recorded as receipts.

Table 22.7: Cardiology Services Trust Fund

| Description | 2023 (\$) | 2022 (\$) |
|---------------------------------------|----------------|----------------|
| Receipts | 264,528 | 160,801 |
| Total Receipts | 264,528 | 160,801 |
| Payments | 1,594 | 270,777 |
| Total Payments | 1,594 | 270,777 |
| Net Surplus/(Deficit) | 262,934 | (109,976) |
| Opening Balance as at 01/08/22 | 159,920 | 269,896 |
| Closing Balance as at 31/07/23 | 422,854 | 159,920 |

The increase in receipts by \$103,727 or 65% resulted from increase in fees collected from patients for angiogram diagnostic procedure. The reduction in payments in 2023 were due to reduction in purchase of cardiac catheterization laboratory equipment.

PART B: OTHER SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report include control weaknesses which could cause or is causing severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary, actions are not taken to address them.

It is important to note that the issues detailed in this report may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2023.

22.6 Unauthorised Salary Payment

The personal file of all appointees (permanent, temporary or acting) should be forwarded to the Principal Accounts Officer who will delegate to Accounts Officer Salary and Wages who shall create a salary file and then forwarded to the Salary Sections of the Ministry of Finance to issue an Electronic Data Processing (EDP) Number for that employee. The personal file should contain signed copy of the officer's contract and letter for assumption of duties by the Cost Centre.¹ To add employees onto the automated payroll system, an input form (FSO forms) shall be prepared by the Salaries clerk. Separate input forms shall be used to amend payroll data.²

From the review of payroll records for the financial year 2023, the audit noted an unauthorized salary payment of \$11,962 to an officer (EDP No. 93715) that did not exist in the Ministry's Human Resource and Management Information System and Person-to-Post listing. In addition, there was no input file maintained for salary activation nor were there employment contract and personal file maintained by the Human Resources Unit. Refer to Table 22.8 below for details.

Table 22.8: Details of Unauthorized Salary Payments

| Date | Description |
|---------------------|---|
| 04/04/15 – 21/10/22 | EDP 93715 had no employment history in the payroll system. Ministry submitted FS01 to Ministry of Finance for renewal of contract for EDP 93718. However, both EDP 93718 and EDP 93715 was activated in the payroll system. |
| 22/10/22 | EDP 93715's salary was activated. |
| 22/10/22 – 06/05/23 | EDP 93715 paid salary for 14 fortnights from 22 October 2022 to 6 May 2023 totaling \$11,962.13 |
| 07/05/23 | Ministry ceased salary for EDP 93715 |

Ineffective checks in payroll processing resulted in unauthorized paying of \$11,962 to an individual who was not employed by the Ministry.

Recommendation

The Ministry should strengthen supervisory checks of payroll processing and ensure that the balance outstanding is fully recovered.

¹ Ministry of Health & Medical Services Finance Manual 2019 Section 4.1.2

² Ministry of Health & Medical Services Finance Manual 2019 Section 4.2.3

Agreed Management Action

The audit findings and recommendations are acknowledged. The Ministry's Accounts Team had liaised with the responsible officer concerned with regards to the overpayment, and he has agreed to clear the net salary over payment of \$9,578.26 which is due to the Ministry of Health and Medical Services on the following terms.

- Lump sum payment of \$3,178.52;
- The balance of \$6,339.74 to be cleared on instalment at the rate of \$500/month until full settlement.

The FNNP component will be reversed by FNNP Office into a holding account and Ministry current FNNP payment will be reduced from the reversed amount. Moving forward, yes we believe there are internal control processes already in place, but are not consistently adhered to and needs to be strengthened, for example, Consistent & Accurate checking of Edit Reports, Accurate and Timely salary reconciliations, Checking of inputs and appropriate filling). There are also internal control mechanisms which needs to be more consistent (Regular P2P & payroll reconciliations, Overpayments amounts (from resignations) process of identification, recovery reporting and monitoring etc.

The officer has made the first lump sum payment of \$3,178.52 on 07/04/2024. Remittance confirmation into CFA will be sought from Ministry of Finance and receipt for payment will be issued.

22.7 Bio-medical Equipment Not Fully Utilised on Installation

The proper management of expenditure is fundamental to ensuring value for money in delivering services to the community. As well, having cost-effective internal controls within the purchasing and payments system plays an important part in ensuring that waste of funds, over-expenditures and corruption do not occur.³

The Ministry, on 30 May 2023, purchased three (3) Biochemistry integrated chemistry & Immunoassay modular system analysers (1 Roche Cobas Pro and 2 Roche Cobas Pure) at a total cost of \$1.2 million. The bio-medical equipment were purchased for the sole purpose of restoring services and testing capacity at Divisional level which should in turn reduce the cost of outsourcing the same services to private hospitals. Refer below for illustration of the machines.



Figure 1 - 2: Cobas e801 analytical unit and the Cobas pro c503 analytical unit - awaiting reagents and consumables

The audit noted that the Biochemistry machines were not fully utilised since installation in June 2023. The reagents and consumables needed for both machines to be fully functional were yet to be procured. Referrals for laboratory services were still outsourced.

A follow-up indicated that the Biochemistry machines were operational from July 2024, 12 months after installation.

³ Ministry of Health and Medical Services Finance Manual 2019, Part 2 Introductory Paragraph

Recommendation

Procurements of reagents and consumables should be properly planned to minimize the time biomedical machines are left idle and to ensure efficient service delivery.

Agreed Management Action

The audit findings and recommendation is acknowledged. Labasa Biochemistry machine is at 80% installation, to be operational by early April Nadi Biochemistry machine is at 80 % installation awaiting parts, is expected to be operational by end-April.

22.8 Master Copy of Fixed Asset Register Not Maintained

The Facility/Unit Head must ensure that the manual fixed assets register or the excel Asset register Template at their Facility/Units/Departments/Divisions is kept updated. A copy of the updated Asset Register Template for each Division/Cost centre shall be provided to the Asset Management Unit (HQ) at the end of every month for inclusion in the master copy of assets for MOHMS. This is to ensure that all assets purchased and recorded at the Division/cost centre level are also captured at Asset Management Unit.⁴

The Ministry's Asset Management Unit did not maintain a master copy of the Fixed Asset Register (FAR). The following equipment and machines purchased during the financial year 2023 were not recorded in the FAR.

Table 22.9: Fixed Assets Purchased but not recorded in the Fixed Assets Register

| Date | PO Numbers | Description | Amount (\$) |
|--------------|----------------|---|----------------|
| 12/06/2023 | PO22101-023830 | Cisco Routers & Switch | 331,685 |
| 12/06/2023 | PO22101-023596 | 30 Computer Sets | 90,210 |
| 12/06/2023 | PO22101-023716 | 16 Computer Sets | 48,112 |
| 26/06/2023 | PO22101-023726 | 3 High End Multifunction Network Colour Printer | 32,820 |
| 26/06/2023 | PO85101-006561 | ECG Machine | 213,357 |
| Total | | | 716,184 |

The above findings indicated the inadequate system of controls in the management of Ministry's fixed assets to ascertain the existence and condition of all the fixed assets kept by the Ministry. The Ministry did not comply with the requirements of the Finance Manual to maintain and update the FAR.

Recommendations

The Ministry should comply with the requirements of the Finance Manual by maintaining a Master Copy of the Fixed Assets Register.

The Asset Management Unit should liaise with the respective Divisions for submission of FAR for the purpose of establishing and updating the Master Copy of the FAR.

Agreed Management Action

The audit findings and recommendation is acknowledged. The same issue was also noted by other audit through MoF with the Ministry committing to first introducing / implementing a SOP's and Checklists prior to having the Fixed Asset Registers updated. Fixed Asset Registers are to be updated by the various cost centers and submitted to AMU HQ. Cost Centers have not had staff assigned specifically to do this work, however, the recruitment for Admin staff are being done to assist the allocation and segregation all the administrative responsibilities. With the introduction of the SOP through a Ministry Circular, Cost Centers will be made accountable to submit Asset Registers. The SOP's and Checklists are in draft form awaiting consultation before implementation. IT Register provided, Fixed Asset Register for FPBS and AMU not submitted.

⁴ Ministry of Health & Medical Services Finance Manual 2019, Section 11.2.2

22.9 Variances in the number of Stock – FPBS Annual Stocktake

The stocktaking officers must ensure that stocks are properly stored, actual stock corresponds to supporting records, and records are properly maintained and up to date.⁵

The Fiji Pharmaceutical and Biomedical Services (FPBS) conducted its annual stocktake from 22/07/23 to 03/08/23. The audit noted that there were variances in stock numbers recorded in the stock sheets and the number counted on physical verification. Refer to Table 22.10 below for details.

Table 22.10: Variances in Stock between Stock Sheet and Physical Count

| Item Reference | Quantity as at 31/07/2023 as per Stock Sheet (A) | Quantity as per the Physical Verification (B) | Variance (A – B) |
|----------------|--|---|------------------|
| 03631 | 104 | 108 | (4) |
| 912 | 478 | 1300 | (822) |
| 6674 | 94 | 105 | (11) |
| 2908 | 110 | 200 | (90) |
| 676 | 3,024 | 3,036 | (12) |
| 70 | 386 | 337 | 49 |
| 3060 | --- | 240 | (240) |
| 6129 | 17 | --- | 17 |
| 3529 | 576 | 864 | (288) |
| 80149 | 248 | 244 | 4 |
| 460 | 34 | 39 | (5) |

The variances was mainly attributed to the untimely updating of incoming and outgoing stock details on the mSupply system.

Recommendation

The Ministry's Fiji Pharmaceutical and Biomedical Services should ensure that stock movements are updated in the mSupply software system on time.

Agreed Management Action

The audit findings and recommendation is acknowledged.

This is an ongoing issue and it has been a challenge for FPBS to account for the variance/discrepancies from all the 233 health facilities. One of the contributing factors for the variance is the misunderstanding of items generic description to system description, thus some items entered under incorrect items codes, and causes variances. Also, due to the significant/massive supplies received and lack of storage space at the warehouse, it seems difficult to count items efficiently and accurately.

Moving forward, we (FPBS) will continue to explore ways on how our processes could be enhanced to ensure that manual stock card and mSupply system are accurate and updated efficiently and accurately.

⁵ Ministry of Health and Medical Services Finance Manual 2019, Section 6.3.2

22.10 Significant Outstanding Overpayment Recovery Balance (OPR) - Recurring Issue

Accounts which are overdue must be promptly followed up in accordance with the debt recovery procedures in the Finance Manual.⁶

Outstanding overpayment recovery balance (OPR) as at 31 July 2023 was \$744,921. The audit noted the untimely execution of internal processes and unclear communication of instructions between the Human Resource and Payroll Departments resulted in the significant OPR balance. This pertained to staff exits particularly from notification of resignation to salary cessation. Refer to Table 22.11 below for details.

Table 22.11: Overpayment Recovery Balances (OPR) from 2020 to 2023

| | 2020 (\$) | 2021 (\$) | 2022 (\$) | 2023 (\$) | Total (\$) |
|-------------------------------------|--------------|--------------|--------------|--------------|----------------|
| Overpayment Recovery Balances (OPR) | 105,269 | 83,401 | 203,721 | 352,530 | 744,921 |
| Percentage of total | 14% | 12% | 27% | 47% | 100% |

The overpayments were outstanding from prior years subsequently posing a risk of being irrecoverable and a loss for the Ministry.

Recommendations

The Ministry should:

- review and change the internal processes contributing to the delays in the cessation of salary and implement stringent internal controls on staff exits with clear communication and instruction between the Human Resource and Payroll Departments.
- ensure that salary cessation is effected immediately once pay cessation is approved.
- exhaust all avenues to recover salary overpayments.

Agreed Management Action

The audit findings and recommendation are acknowledged. In some cases, the Ministry is able to recover the debt as employees do contact the Ministry for Certificate of Service. The certificate is not released until the employee fully settle the salary over payment. For officers on Leave without Pay (LWOP), the OPR is recovered through salary deduction on assumption of duties. The HR and Accounts Unit maintains communication with the respective cost centers by providing advice on the OPR status and for concurrent follow-up from the cost centers to the staff on settlement of the OPR.

⁶ Finance Instructions 2010, Section 41

22.11 Site Visit to CWM Hospital and Nakasi Health Centre – Recurring Issue

Every employer shall ensure the health and safety at work of all his or her workers.⁷ Every employer shall ensure that persons not in his or her employment or contracts of service are not exposed to risks to their health or safety arising from the conduct of his or her undertaking while they are at his or her workplace.⁸

The audit team visited the CWM Hospital and the Nakasi Health Centre in December 2022 and noted that the facilities required improvements including repairs and maintenance. A follow up of the same facilities was done on 24/01/24 and noted similar recurring issues identified from the physical inspection in 2022. Refer to Table 22.12 below for details.

Table 22.12: Areas for Improvements for Hospital and Health Centre

| Hospital/Health Centre | Areas for Improvement |
|---|--|
| CWM Hospital Refer to Appendix 22.1 for illustrations captured during the site visit. | Biomedical section - Machines awaiting parts and accessories including Portable X ray and ultrasound machine. |
| | Kitchen <ul style="list-style-type: none"> • Missing louvre blades. • Kitchen lift used to transport meals was not working. • Walk-in freezer is not working due to leaking roof. • Fridge is out of order. |
| | Pharmacy <ul style="list-style-type: none"> • Indicators of leaking ceiling. • Missing ceiling boards. • Damaged screens. |
| | Mammogram Screening lab <ul style="list-style-type: none"> • Mammogram machine was not working and covered in plastic. • Portable x ray not working due to broken key • Damaged ceiling • Missing lights |
| Nakasi Health Centre Refer to Appendix 22.2 for illustrations captured during the site visit. | Admin <ul style="list-style-type: none"> • Missing ceiling. • Broken door and doorknob for the female patient washroom. • Missing ceilingboard. • Cabinets are damaged. |
| | Exterior building - Missing louvre blades. |
| | Back generator - Exposed to weather condition. |
| | Laboratory <ul style="list-style-type: none"> • Damaged door • Cracks on the wall |
| | Maternal Child Healthcare (MCH) - Lights were not working. |
| | Family planning section - No lights. |
| | Dental unit - Blocked sink |
| | Pharmacy <ul style="list-style-type: none"> • Sodium hydrochloride stored on sink top. • Fridge not working. • Missing ceiling. |

⁷ Health and Safety at Work Act 1996, Section 9(1)

⁸ Health and Safety at Work Act 1996, Section 10(1)

Recommendations

- The Ministry should develop a proactive facilities maintenance program which can include systemic review process to inspect hospital and health center facilities to ensure that they are well maintained and safe for everyone.
- Urgent repairs, including minor works, should be addressed in a timely manner.

Agreed Management Action

The audit findings and recommendation is acknowledged. For Nakasi Health Centre, the update is as follows:

- Generator shed – The Central Divisional office has built the generator shed at Nakasi.
- Overflow septic tank– The Central divisional office contractor has addressed this issue with the kind assistance from the General Manager of Fiji Meats Ltd which is right beside the hospital.
- Other Minor Works – These will be addressed once we completed all the planned work programs in the division.

22.12 Arrears of Revenue – Recurring Issue

Accounts which are overdue must be promptly followed-up in accordance with the debt recovery procedures in the Finance Manual.⁹

The Ministry recorded arrears of revenue of \$562,283 as at 31 July 2023, an increase of \$156,459 or 39% in 2023. The arrears relate to quarantine fees owed by airlines, shipping companies and hospital fees due from insurance companies. The audit noted that \$218,206 or 39% of the total balance were in arrears for more than one year with 13% over five years. Refer to Table 22.13 and Table 22.14 below for details.

Table 22.13: Ageing of Arrears of Revenue

| Ageing | Arrears of Revenue Ageing (\$) | Percentage (%) |
|---------------|--------------------------------|----------------|
| 3 Months | 116,542 | 21% |
| 6 Months | 37,082 | 6% |
| 9 Months | 190,453 | 34% |
| 1 Year & Over | 114,008 | 20% |
| 2 – 5 Years | 32,218 | 6% |
| Over 5 Years | 71,980 | 13% |
| Total | 562,283 | 100% |

Table 22.14: Arrears of Revenue

| | Arrears of Revenue as at 31/07/23 (\$) | Arrears of Revenue as at 31/07/22 (\$) | Amount of Increase (\$) | Percentage Increase (%) |
|--------------------|--|--|-------------------------|-------------------------|
| Arrears of revenue | 562,283 | 405,824 | 156,459 | 39% |

There is high risk of revenue becoming irrecoverable resulting in loss of revenue to Government.

Recommendation

Arrears of revenue recovery strategies should be strengthened to ensure the recovery of long outstanding revenue.

Agreed Management Action

The audit findings and recommendation is acknowledged. The Ministry is conducting appropriate follow-ups for the current arrears of revenue as well as for the past year. However, some aging debtors have been identified from our various cost centers and the Ministry will request for appropriate write off.

⁹ Finance Instructions 2010, Section 41

22.13 Anomalies in Operating Trust Fund Account – Recurring Issue

The ledger reconciliation statement shall be forwarded to the Principal Accounts Officer. The Principal Accounts Officer must ensure that:

- i. all balances are accurate and adequately supported; and
- ii. any misallocations or outstanding balances from the previous month have been dealt with.¹⁰

The Operating Trust Fund account had a balance of \$1,325,675 as at 31 July 2023. In August 2023, there was movement of only \$60,037. Accounts with credit balances as at 31/07/23 had a balance of \$1,584,138. This indicated that there are carried forward balances in the Operating Trust Fund Account. Refer to the **Appendix 22.3** for details.

Failure to promptly investigate and rectify the significant balances has resulted in the substantial balance for the operating trust fund account being carried forward.

Recommendations

The Ministry should:

- investigate and rectify the carried forward balances from prior years; and
- ensure that controls and adequate supervisory checks are carried out to avoid such discrepancies from occurring in future.

Agreed Management Action

The audit findings and recommendation is acknowledged. The Ministry (HQ Finance Team) are currently rectifying this audit issue and hope to make necessary accounting adjustments before the data migration to the new Financial Management System.

22.14 Variance in VAT on Revenue for Bulk Purchase Scheme (BPS) – Recurring Issue

The ledger reconciliation statement shall be forwarded to the Principal Accounts Officer. The Principal Accounts Officer must ensure that all balances are accurate and adequately supported.¹¹

The audit noted variances in the VAT on Revenue recorded on the Balance Sheet against the balance in the Statement of VAT Account produced by the Fiji Revenue and Customs Services. Refer to Table 22.15 below for details:

Table 22.15: VAT on Revenue Variance

| Allocation | Balances as at 31/07/2023 (\$) | Balances as at 31/07/2022 (\$) |
|---|--------------------------------------|--------------------------------------|
| VAT on Revenue (863201) | 19,904 | 19,097 |
| Balance as per Statement of VAT Account (SVA) | 527 | 585 |
| Variance | 19,377 | 18,512 |

Additionally, reconciliations were not carried out by the Bulk Purchase Scheme to support the VAT on revenue figure reflected in the BPS Balance Sheet. As a result, the audit was unable to substantiate the correctness of TMA VAT on Revenue balances at year end.

¹⁰ Ministry of Health and Medical services Finance Manual 2019, Section 16.3.6

¹¹ Ministry of Health and Medical services Finance Manual 2019, Section 16.3.6 (i)

Recommendation

The Ministry should ensure that all general ledger balances are properly supported and reconciled on a regular basis and ensure that correct balances are reflected on the Financial Statements.

Agreed Management Action

The audit findings and recommendation is acknowledged.

Amount is as per GL \$19,904.13 which is reflected in AFS, is correct, after cross checking the reconciliation.

BPS TMA takes drugs from FPBS and sells them to customers. BPS then reimburses FPBS at the end of the month for these drugs. The reimbursement is paid together with the rent and refund for use of FPBS vehicle for bank runs and the salary for TMA staff (which is processed through payroll from SEG 1). This payment of reimbursement to FPBS is VEP. The VAT component (for the drugs, rent and refund for use of vehicle) is posted to the VAT on Revenue allocation 42225122999863201 and is reflected in the BS as Liability, accumulating over the years - \$19,904.13.

The \$527.60 is a refund from FRCA after assessment. Since TMA is now closed, we will consult with MoF on this VAT refund. On \$19,904.13, we will also consult with MoF, on how to transfer this VAT on revenue to fund 1, so it can be captured in the VAT on revenue for the ministry because this is the VAT portion of the reimbursement to FPBS from TMA.

PART C: ASSESSMENT OF FINANCIAL REPORTING

22.15 Preparation of Draft Agency Financial Statements

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

| KEY FOCUS AREAS | ACHIEVEMENT | KEY FOCUS AREAS | ACHIEVEMENT |
|---|-------------|--|-------------|
| Cancellation of unprocessed purchase orders by 18 July 2023 | ✓ | Processing of virement by 18 August 2023 | ✗ |
| Retirement of Imprest by 14 July 2023 | ✗ | Completion of reconciliations by 25 August 2023 | ✓ |
| Processing of payments by 28 July 2023 | ✓ | Submission of arrears of revenue return by 25 August 2023 | ✓ |
| Closing date for journal adjustments by 17 August 2023 | ✓ | Clearance of Inter-departmental clearance accounts by 08 August 2023 | ✓ |

Based on information received, we have assessed the 2023 year-end closing process as:

| Rating | Year-end closing process assessment |
|-----------------------|---|
| ☀ Generally effective | 6 key processes completed by the due date |

22.16 Quality of Draft Financial Statements

We assessed the quality of draft financial statements by the impact audit adjustments had on the operating results or net assets. Our assessment of the Ministry of Health and Medical Services was:

| Rating | Quality of draft financial statements assessment |
|---------------|---|
| ☠ Ineffective | Adjustments on operating results/net assets were more than 1% |

22.17 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due, and the date received for audit. Accordingly, we have assessed timeliness as:

| Rating | Timeliness of draft financial statements assessment |
|-------------|---|
| ☀ Effective | Acceptable draft financial statements received before 31 October 2023 |

22.18 Timeliness of Provision for Management Comments and Financial Statements for Signing

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the dates the draft management letter and audited financial statements were issued and the date management the comments and signed financial statements were received.

Accordingly, we have assessed timeliness as:

| Rating | Timeliness of Management Comments Received |
|---------------|---|
| ☠ Ineffective | Received after 14 days from the issue date of Draft Management Letter |

| Rating | Timeliness of Signed Financial Statements Received |
|---------------|---|
| ☠ Ineffective | Received after 14 days from the issue date of audited Financial Statement for signing |

APPENDIX 22.1: Site Visit - CWM Hospital

Site Visit on 15/12/22 and follow up Site Visit on 24/01/2024

CWM Hospital Biomedical Section



Figure 1 - 2: Machines awaiting parts and accessories including Portable X ray and ultrasound machine.

CWM Hospital Kitchen



Figure 3: Missing louvre blades

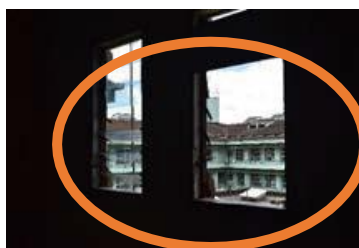


Figure 4: Missing louvre blades



Figure 5: Kitchen lift used to transport meals is not working






Figure 6: Walk in freezer is not working due to leaking roof







Figure 7: Fridge is out of order

CWM Hospital Pharmacy and Outside Children's Ward

| | | |
|---|---|--|
|  |  |  |
| Figure 8: Indicators of leaking ceiling | Figure 9: Missing ceiling boards | Figure 10: Damaged screens |

CWM Hospital Mammogram Screening Lab and Patient Ward

| | | | |
|---|---|--|---|
|  |  |  |  |
| Figure 11: Mammogram machine not working and was covered in plastic | Figure 12: Portable x ray not working due to broken key | Figure 13: Damaged ceiling at Maternity records section | Figure 14: Missing lights at labor ward |

APPENDIX 22.2: Site Visit - Nakasi Health Centre

Site Visit on 16/12/22 and follow up Site Visit on 24/01/2024

| | | |
|---|---|--|
|  |  |  |
| Figure 15: Missing Ceiling | Figure 16 & 17: Female patient washroom doorknob not working, washroom door is broken and missing ceiling board | |
|  |  |  |
| Figure 18: Cabinets are damaged | Figure 19: Missing louvre blades | Figure 20: Door is damaged and there are cracks on the wall |
|  |  |  |
| Figure 21: Lights are not working | Figure 22: No lights inside the room. | Figure 23: Backup generator to be housed from sunlight |
|  |  |  |
| Figure 24: Blocked sink | Figure 25: Sodium hydrochloride stored on sink top | Figure 26: Fridge not working |
|  | | |
| Figure 27: Missing ceiling | | |

APPENDIX 22.3: Movements of Balances for Operating Trust Fund Account

| Allocation | Balance as at 31/07/23 (\$) | Balance as at 31/08/23 (\$) | Movement (\$) |
|----------------------|--------------------------------|--------------------------------|------------------|
| 1-22101-22999-861101 | (71,617.77) | (71,717.77) | 100.00 |
| 1-22101-22999-861102 | (81,303.46) | (81,243.46) | (60.00) |
| 1-22101-22999-861105 | (344.73) | (871.93) | 527.20 |
| 1-22101-22999-861209 | (1,255.10) | (1,465.00) | 209.90 |
| 1-22101-22999-861306 | (16,133.80) | (17,011.05) | 877.25 |
| 1-22101-22999-861307 | (73.75) | (113.35) | 39.60 |
| 1-22101-22999-861313 | (46,712.38) | (46,712.38) | --- |
| 1-22101-22999-861402 | (7,135.83) | (7,135.83) | --- |
| 1-22101-22999-861501 | (142.00) | (406.00) | 264.00 |
| 1-22101-22999-861504 | (18,250.00) | (19,190.00) | 940.00 |
| 1-22101-22999-861506 | (1,130.00) | (1,110.00) | (20.00) |
| 1-22101-22999-861507 | (3.00) | (3.00) | --- |
| 1-22101-22999-861509 | (1,017.90) | (987.90) | (30.00) |
| 1-22101-22999-861511 | (20.88) | (135.88) | 115.00 |
| 1-22101-22999-861514 | (90,495.00) | (89,517.00) | (978.00) |
| 1-22101-22999-861527 | (116.00) | (116.00) | --- |
| 1-22101-22999-861528 | (3,825.00) | (3,725.00) | (100.00) |
| 1-22101-22999-861533 | (4,483.20) | (5,857.55) | 1,374.35 |
| 1-22101-22999-861606 | (900.00) | (900.00) | --- |
| 1-22101-22999-861609 | (50.00) | (50.00) | --- |
| 1-22101-22999-861612 | (0.01) | (0.01) | --- |
| 1-22101-22999-861702 | (20.00) | (20.00) | --- |
| 1-22101-22999-861704 | (50.00) | (60.00) | 10.00 |
| 1-22101-22999-861706 | (4,190.55) | (4,190.55) | --- |
| 1-22101-22999-861805 | (223.94) | (242.84) | 18.90 |
| 1-22101-22999-861814 | (4,092.93) | (4,138.22) | 45.29 |
| 1-22101-22999-861816 | (98.58) | (98.58) | --- |
| 1-22101-22999-861899 | (11.45) | (214.73) | 203.28 |
| 1-22101-22999-861901 | (16,328.41) | (2,273.85) | (14,054.56) |
| 1-22101-22999-861902 | (6,538.36) | (6,398.36) | (140.00) |
| 1-22101-22999-861915 | (2,747.70) | (3,273.70) | 526.00 |
| 1-22101-22999-861924 | (1,551.00) | (2,133.11) | 582.11 |
| 1-22101-22999-861926 | (490.98) | (3,329.66) | 2,838.68 |
| 1-22101-22999-861927 | (16.30) | (331.30) | 315.00 |
| 1-22101-22999-861931 | (972.84) | (5,342.27) | 4,369.43 |
| 1-22101-22999-861933 | (985.75) | (2,810.75) | 1,825.00 |
| 1-22101-22999-861934 | (671.00) | (1,109.00) | 438.00 |
| 1-22101-22999-861999 | (7,640.02) | (7,640.02) | --- |
| 1-22101-22101-863201 | (10,172.31) | (10,172.31) | --- |
| 1-22101-22999-863201 | (1,182,325.87) | (1,242,126.20) | 59,800.33 |
| Total | (1,584,137.80) | (1,644,174.56) | 60,036.76 |

Head 23**Ministry of Housing and Community Development****Roles and Responsibilities**

The Ministry of Housing and Community Development (MHCD) is responsible for strategy, policy, funding assistance, monitoring and regulation of Fiji's housing system. The Ministry play a lead role in promoting and facilitating the provision of accessible and adequate housing for low and middle-income households and people living in informal settlements.

The Ministry is working to:

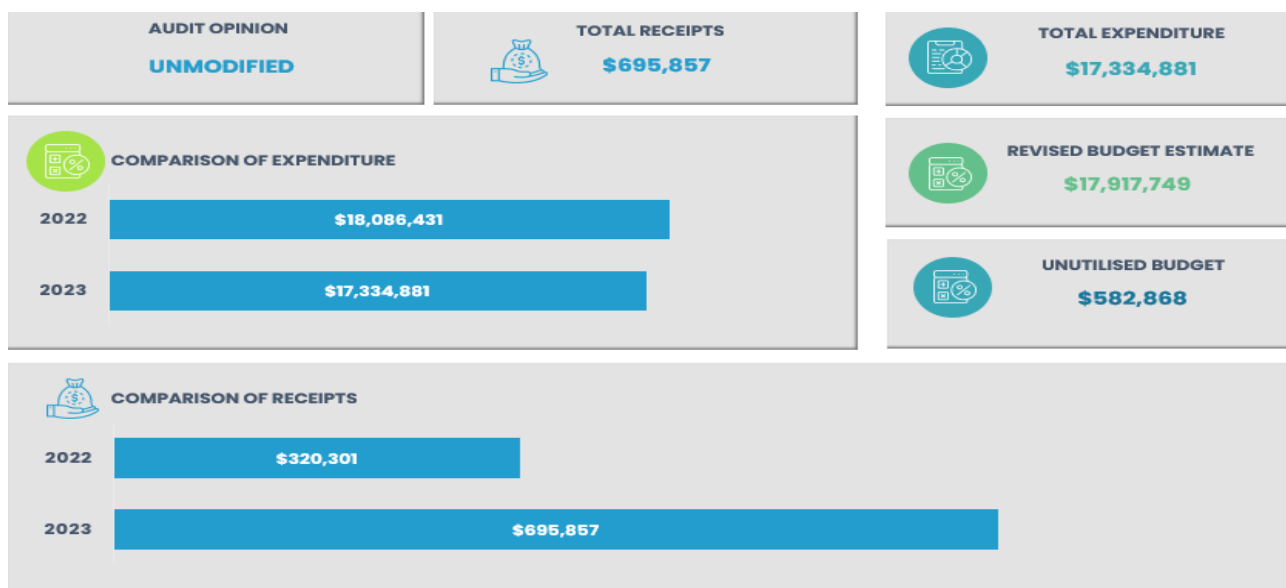
- review the national housing policy and strategy
- upgrade and formalize informal settlements to provide long term land tenure security to settlers
- increase public and private housing supply
- modernize housing sector legislation
- increase access to affordable housing, for people to rent and buy

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PART A: FINANCIAL INFORMATION

23.1 Financial Information



23.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Housing and Community Development resulted in an unmodified audit opinion.

However, attention was drawn to the following matters:

- The Ministry did not complete the Board of Survey to verify the existence and condition of plant and equipment contrary to Section 49(2) of the Finance Instructions 2010.
- The Ministry's accountable advance allocation had an outstanding debit balance of \$181,111 which was carried forward from prior years and without any movement to the balance since 2018.
- The Drawings account had a closing balance of \$132,317 for which the reconciliation statements were not prepared from October 2022 to July 2023.

23.3 Appropriation Statement

The Ministry incurred expenditures totalling \$17.3 million against a revised budget of \$17.9 million resulting in unutilised budget of \$0.6 million or 3%. A total of \$0.7 million in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 23.1.

Table 23.1: Head 23 - Appropriation Statement for 2023

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate (\$) | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|------------------------------------|----------------------|---------------------|-----------------------|-------------------------|---------------------------|
| 1 | Established Staff | 784,158 | --- | 784,158 | 623,205 | 160,953 |
| 2 | Government Wage Earners | 208,802 | --- | 208,802 | 192,884 | 15,918 |
| 3 | Travel & Communication | 67,000 | (7,000) | 60,000 | 58,611 | 1,389 |
| 4 | Maintenance & Operations | 68,407 | 5,519 | 73,926 | 71,403 | 2,523 |
| 5 | Purchase of Goods & Services | 52,340 | 54,018 | 106,358 | 103,670 | 2,688 |
| 6 | Operating Grants & Transfers | 3,315,591 | (500,000) | 2,815,591 | 2,727,515 | 88,076 |
| 7 | Special Expenditure | 95,000 | (52,537) | 42,463 | 40,803 | 1,660 |
| | Total Operating Expenditure | 4,591,298 | (500,000) | 4,091,298 | 3,818,091 | 273,207 |
| 8 | Capital Construction | 9,861,578 | (4,840,781) | 5,020,797 | 4,968,198 | 52,599 |
| 9 | Capital Purchase | --- | --- | --- | --- | --- |
| 10 | Capital Grants & Transfers | 14,970,860 | (6,830,400) | 8,140,460 | 8,059,750 | 80,710 |
| | Total Capital Expenditure | 24,832,438 | (11,671,181) | 13,161,257 | 13,027,948 | 133,309 |
| 13 | Value Added Tax | 912,900 | (247,706) | 665,194 | 488,842 | 176,352 |
| | TOTAL EXPENDITURE | 30,336,636 | (12,418,887) | 17,917,749 | 17,334,881 | 582,868 |

PART B: OTHER SIGNIFICANT MATTER

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report include control weaknesses which could cause or is causing severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary actions are not taken to address them.

It is important to note that the issues detailed in this report may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2023.

23.4 Governance Issues – Recurring Issue

Audit noted the following for the financial year ending 31 July 2023:

- Human Resource Management Manual was developed but was in draft and not approved.
- The finance manual was developed in 2020 and was in draft and not approved.
- There was no disaster recovery and business continuity plan.
- There was no risk management policy.

This is an indication of an absence of governance and accountability function to drive the risk management framework.

Recommendation

The Ministry should finalize manuals which are in draft stage and work towards developing the Risk Management Policy.

Agreed Management Comments

The Human Resource Management Manual and Finance Manual is near completion, and they are expected to be endorsed by Permanent Secretary by end of March 2024.

Additionally, HR is actively developing other policies, with the aim of completing them by end of this financial year.

PART C: ASSESSMENT OF FINANCIAL REPORTING

23.5 Preparation of Draft Agency Financial Statements

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

| KEY FOCUS AREAS | ACHIEVEMENT | KEY FOCUS AREAS | ACHIEVEMENT |
|---|-------------|--|-------------|
| Cancellation of unprocessed purchase orders by 18 July 2023 | ✓ | Processing of virement by 18 August 2023 | ✓ |
| Retirement of Imprest by 14 July 2023 | ✓ | Completion of reconciliations by 25 August 2023 | ✗ |
| Processing of payments by 28 July 2023 | ✓ | Submission of arrears of revenue return by 25 August 2023 | ✓ |
| Closing date for journal adjustments by 17 August 2023 | ✓ | Clearance of Inter-departmental clearance accounts by 08 August 2023 | N/A |

Based on information received, we have assessed the 2023 year-end closing process as:

| Rating | Year-end closing process assessment |
|-----------------------|---|
| ☀ Generally effective | 6 key processes completed by the due date |

23.6 Quality of Draft Financial Statements

We assessed the quality of draft financial statements by the impact audit adjustments had on the operating results or net assets. Our assessment of the Ministry of Housing and Community Development was:

| Rating | Quality of draft financial statements assessment |
|-------------|--|
| 🌿 Effective | No adjustments required |

23.7 Timeliness of Draft Financial Statements


To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date received for audit. Accordingly, we have assessed timeliness as:


| Rating | Timeliness of draft financial statements assessment |
|-------------|---|
| 🌿 Effective | Acceptable draft financial statements received before 31 October 2023 |

23.8 Timeliness of Provision for Management Comments and Financial Statements for Signing

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the dates the draft management letter and audited financial statements were issued and the date management comments, and signed accounts were received.

Accordingly, we have assessed timeliness as:

| Rating | Timeliness of Management Comments Received |
|---|---|
|  Ineffective | Received after 14 days from the issue date of Draft Management Letter |

| Rating | Timeliness of Signed Financial Statements Received |
|---|--|
|  Ineffective | Received after 14 days from the issue date of audited Financial Statements for signing |

Head 24**Ministry of Women, Children and Poverty Alleviation****Roles and Responsibilities**

The Ministry of Women, Children and Poverty Alleviation oversees national policies and programmes that create an inclusive social safety net for Fiji's most vulnerable groups and ensure they are cared for, empowered and included in our ongoing national prosperity.

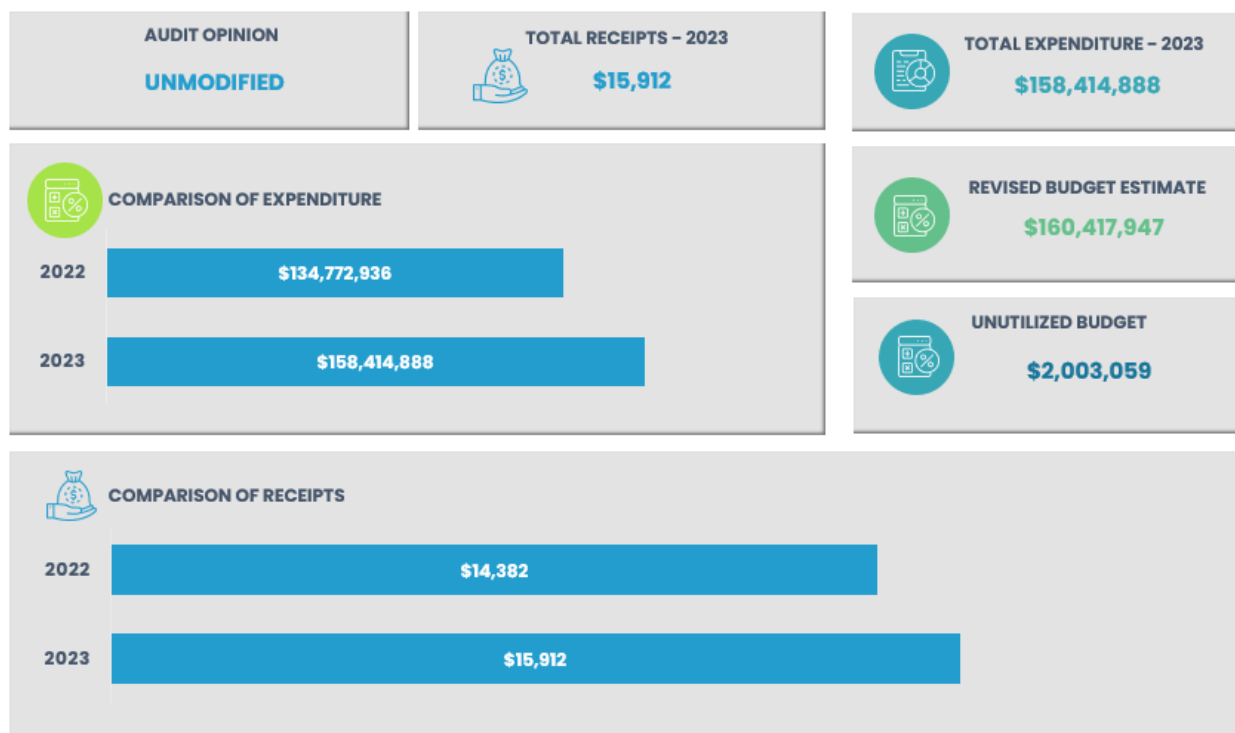
The Ministry is responsible for providing services and administering programmes that protect and serve the most vulnerable and contributes to the national poverty alleviation strategy and programmes, working to reduce poverty in Fiji. The Ministry's core work provides critical support to the most disadvantaged groups, with programmes that consider gender, disability, children, older persons and their social and economic circumstances and needs. The Ministry has authority over the Department of Social Welfare, Department of Women and the Poverty Monitoring Unit.

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PART A: FINANCIAL INFORMATION

24.1 Financial Information



24.2 Audit Opinion

The audit of the 2023 financial statements for the Ministry of Women, Children and Poverty Alleviation resulted in an unmodified audit opinion.

The other matter raised in the Auditor's Report relate to the Ministry not maintaining a comprehensive list of recipients of benefits under the Social Protection Programmes and database of detail information.

24.3 Appropriation Statement

The Ministry incurred expenditures totalling \$158.4 million against a revised budget of \$160.4 million resulting in unutilised budget of \$2 million. A total of \$15,912 in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 24.1.

Table 24.1: Head 24 - Appropriation Statement

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate (\$) | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|------------------------------------|----------------------|-------------------|-----------------------|-------------------------|---------------------------|
| 1 | Established Staff | 8,168,430 | (9,072) | 8,159,358 | 7,394,629 | 764,729 |
| 2 | Government Wage Earners | 1,966,234 | 115,583 | 2,081,817 | 1,855,113 | 226,704 |
| 3 | Travel & Communication | 379,000 | 254,000 | 633,000 | 614,948 | 18,052 |
| 4 | Maintenance & Operations | 1,150,000 | 3,940 | 1,153,940 | 1,120,135 | 33,805 |
| 5 | Purchase of Goods & Services | 4,371,868 | (204,923) | 4,166,945 | 4,015,792 | 151,153 |
| 6 | Operating Grants & Transfers | 126,683,162 | 12,723,453 | 139,406,615 | 139,137,755 | 268,860 |
| 7 | Special Expenditure | 1,968,000 | (69,858) | 1,898,142 | 1,771,688 | 126,454 |
| | Total Operating Expenditure | 144,686,694 | 12,813,123 | 157,499,817 | 155,910,060 | 1,589,757 |
| 8 | Capital Construction | 1,800,000 | (86,453) | 1,713,547 | 1,435,261 | 278,286 |
| 9 | Capital Purchase | 250,000 | (16,907) | 233,093 | 179,920 | 53,173 |
| 10 | Capital Grants & Transfers | 100,000 | --- | 100,000 | 85,180 | 14,820 |
| | Total Capital Expenditure | 2,150,000 | (103,360) | 2,046,640 | 1,700,361 | 346,279 |
| 13 | Value Added Tax | 847,741 | 23,749 | 871,490 | 804,467 | 67,023 |
| | TOTAL EXPENDITURE | 147,684,435 | 12,733,512 | 160,417,947 | 158,414,888 | 2,003,059 |

The unutilised budget resulted from the following:

- Vacant positions that were not filled, in particular with the Department of Women.
- Officers were appointed on Steps 1 and 2 of the salary band however positions were budgeted on higher salary (Step 3).
- Late recruitment of technical team to undertake a detailed review of the six key social assistance schemes administered by the Department of Social Welfare which included the Management Information Systems for each scheme.
- Incomplete tender process for construction of Women's Shelter.
- Late engagement of a software developer.
- Variation of project cost and extension of time for the completion of construction of Barefoot College.
- Inability to procure industrial washing machine locally thus funds under RIE were not released for aged care home in Labasa.

PART B: OTHER SIGNIFICANT MATTERS

The Audit Act 1969 requires, amongst other things, that the Auditor-General must report on other significant matters which the Auditor-General wishes to bring to the attention of Parliament.

Other significant matters highlighted in this report, include control weaknesses which could cause or is causing severe disruption to the process or on the ability of an auditee to achieve process objectives and comply with relevant legislation.

It is likely that these issues may have an impact on the operations of the Ministry in future, if necessary, actions are not taken to address them.

It is important to note that the issues detailed in this report may have been subsequently resolved by the Ministry. These have been included in this report as they impacted on the overall system of control of the Ministry as at 31 July 2023.

24.4 Detailed Listing of Recipients on Social Protection Program Not Maintained

Each agency must have in place a cost-effective system of internal controls which:

- a) safeguards money and property against loss;
- b) avoids or detects accounting errors; and
- c) avoids unfavorable audit reports.¹

The Ministry paid 153,939 recipients a total of \$137.3 million as at 31 July 2023, under the Social Protection Program/Scheme. The audit noted that the Ministry did not maintain a complete list of individual recipients with details such as names, date of application and approval, residential address, mode of payment, tax identification number (TIN), bank details and the number of years recipients have benefited from the scheme. Refer to Table 24.2 below for details:

Table 24.2: Payments made under the Social Protection Programs

| Social Protection Program/ Scheme | FMIS/GL as at 31 July 2023 Amount (\$) | No. of Recipients as at 31 July 2023 ² |
|--------------------------------------|---|--|
| Social Pension Scheme | 57,400,727 | 49,636 |
| Poverty Benefit Program | 35,860,328 | 23,663 |
| Bus Fare Program | 16,625,000 | 57,593 |
| Child Protection Allowance | 14,756,846 | 10,305 |
| Allowance For Person with Disability | 12,007,281 | 10,508 |
| Food Voucher Program | 650,299 | 2,234 |
| TOTAL | 137,300,481 | 153,939 |

In the absence of list of recipients and detailed information, there is potential risk of duplicate and unauthorised payments.

¹ Finance Instruction 2010, Section 59(1)

² Numbers obtained from Bank Payout Details for the month of July 2023

Recommendation

The Ministry should maintain updated listings with detailed information of recipients under the respective social protection program/scheme.

Agreed Management Action

The Department maintains a Recipient Listing - Mode of Payment excel, for all programs that is updated monthly for the purpose of monthly payments. This list captures only the basic details necessary for payment and the excel file size for ease of processing. Under the Social Assistance Reform project, the Department has begun Digitization of data that captures all the identified information on the list. Training on the new Information System is currently being conducted in the Central Division inclusive of Vunidawa and Korovou.

Databases are kept in the district office, which is made readily available when needed. DSW is working with the banks to provide their listing.

Moving forward, DSP to provide way forward to allow for the Ministry to provide the full listing. The digitalization of programs and the interim solutions can help to achieve this. DSW to provide the way forward in the presentation of the work plan for next FY.

**24.5 Absence of Digitalisation process for Social Protection Schemes Payments
– Recurring Issue**

With the high volume of transactions under the Social Protection Program, the processes around payments of assistance are not fully automated.

The audit noted that the Ministry does not have a digitalized system for processing payments under the Social Protection Programs. For the financial year ending 31 July 2023, the Ministry paid out a total of \$137.3 million to over 150,000 recipients under the Social Protection Programmes.

In the absence of a digitalized system for processing high volume of transactions with huge sum of monthly payments, there is potential risk of incorrect and/or unauthorised payments and loss of information/data. Reliable real-time reports for management reporting and decision making will not be generated.

Recommendation

The Ministry should consider moving towards digitalisation of processing of social protection program including payments of assistance that could address some of the on-going issues for information stored in large volumes of case files.

Agreed Management Action

The Interim solution has been designed with the objective to digitize existing beneficiary records and to automate the payments process. The system is currently going through User Acceptance Test and training of the users has rolled out in the Central Divisions.

24.6 Variance in the Social Protection Programme Allocation

Section 59(1) of Finance Instructions 2010 states that each agency must have in place a cost-effective system of internal controls which safeguards money and property against loss, avoids or detects accounting errors, and avoids unfavorable audit reports. It is imperative that the various social welfare scheme payments made reconciles to its general ledger balance.

Audit noted variances in balances between the payment records on various disbursement methods against the general ledger balances of each scheme under the Operating Grants and Transfers Allocation. Refer to Table 24.3 below for details.

Table 24.3: Variances between listings and GL

| Disbursements | Poverty Benefit Scheme (\$) | Social Pension Scheme (\$) | Disability Allowance Scheme (\$) | Child Protection Allowance (\$) |
|----------------------------------|-----------------------------|----------------------------|----------------------------------|---------------------------------|
| Bank Payments | 21,141,522 | 57,762,754 | 10,602,070 | 7,850,063 |
| Redeemed food vouchers | 11,223,029 | --- | --- | 4,689,177 |
| Home allowance | --- | --- | --- | 207,360 |
| Paymaster | 21,933 | 34,800 | 10,530 | 10,419 |
| Post Fiji | 911,476 | 3,046,736 | 1,779,700 | 651,212 |
| Total as per listings (Y) | 33,297,960 | 60,844,290 | 12,392,300 | 13,408,231 |
| Total as per FMIS GL (X) | 35,860,328 | 57,400,727 | 12,007,281 | 14,756,846 |
| Variance (X-Y) | 2,562,368 | (3,443,563) | (385,019) | 1,348,615 |

The reconciliation between the Social Welfare payout records and the balances in the FMIS General Ledger were not performed as it is currently not a requirement of the Finance Manual.

Recommendation

The Ministry should include in its Finance Manual the requirement to perform monthly reconciliation of Social Welfare pay- outs against the FMIS General Ledger.

Agreed Management Action

The Ministry has developed the policy and SOP to perform the reconciliation and it is in draft form yet to be finalized. This will be finalized by 15 July 2024.

PART C: ASSESSMENT OF FINANCIAL REPORTING

24.7 Preparation of Draft Agency Financial Statements

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

| KEY FOCUS AREAS | ACHIEVEMENT | KEY FOCUS AREAS | ACHIEVEMENT |
|---|-------------|--|-------------|
| Cancellation of unprocessed purchase orders by 18 July 2023 | ✓ | Processing of virement by 18 August 2023 | ✓ |
| Retirement of imprests by 14 July 2023 | ✓ | Completion of reconciliations by 25 August 2023 | ✓ |
| Processing of payments by 28 July 2023 | ✓ | Submission of arrears of revenue return by 25 August 2023 | N/A |
| Closing date for journal adjustments by 17 August 2023 | ✓ | Clearance of Inter-departmental clearance accounts by 08 August 2023 | ✓ |

Based on information received, we have assessed the 2023 year-end closing process as:

| Rating | Year-end closing process assessment |
|-------------|--|
| ● Effective | All key processes completed by the due dates |

24.8 Quality of Draft Financial Statements

We assessed the quality of draft financial statements by the impact audit adjustments had on the operating results or net assets. Our assessment of the Ministry of Women, Children and Poverty Alleviation was:

| Rating | Quality of draft financial statements assessment |
|-------------|--|
| ● Effective | No adjustment required |

24.9 Timeliness of Draft Financial Statements

To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date received for audit. Accordingly, we have assessed timeliness as:

| Rating | Timeliness of draft financial statements assessment |
|-------------|---|
| ● Effective | Acceptable draft financial statements received before 31 October 2023 |

24.10 Timeliness of Provision for Management Comments and Financial Statements for Signing

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the dates the draft management letter and audited financial statements were issued and the dates the management comments and signed audited financial statements were received.

Accordingly, we have assessed timeliness as:

| Rating | Timeliness of Management Comments Received |
|-------------|--|
| ● Effective | Received within 14 days from the issue date of Draft Management Letter |

| Rating | Timeliness of Signed Financial Statements Received |
|---------------|--|
| ● Ineffective | Received after 14 days from the issue date of Financial Statements for signing |

Head 25**Ministry of Youth and Sports****Roles and Responsibilities**

The Ministry of Youth and Sports is assigned with both promoting the holistic development of Fiji's young people and fostering the nation's athletic potential - two distinct, yet overlapping, tasks. Government recognizes this inextricable link, rooted in the formative role that sports play in shaping Fijian youth, instilling them with values and promoting a healthy, active lifestyle.

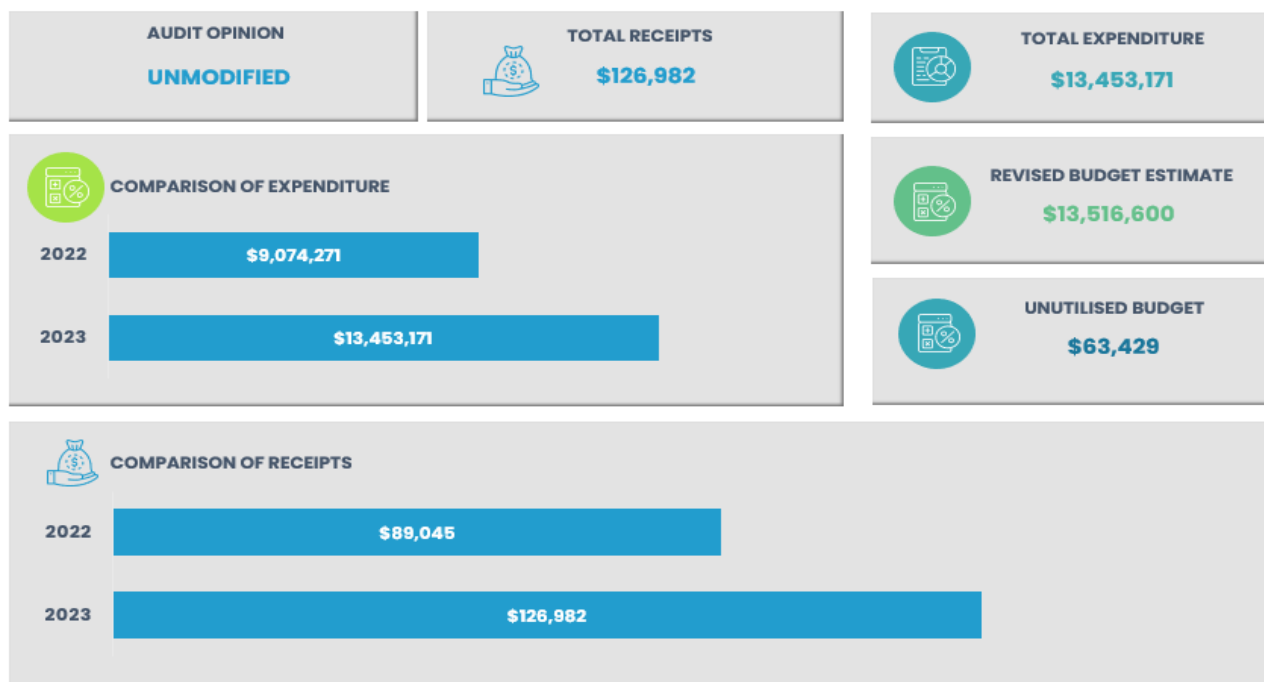
The Ministry carries the responsibility of harnessing and channeling the untapped raw potential of Fiji's young people and releasing them into productive areas of society where they can make a difference. The Ministry's focus through research on its Youth and Sports development programmes and in aligning short-term emergency responses with investments into long-term economic and social priorities will ensure the well-being of youths. The Youth Development and Grants programmes are aimed at empowering and equipping young people with the knowledge and skills to enable them to become self-reliant and be climate resilient through developing income generating opportunities that are innovative, viable and sustainable.

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PART A: FINANCIAL INFORMATION

25.1 Financial Information



25.2 Audit Opinion

The audit of the 2023 financial statements of the Ministry of Youth and Sports resulted in an unmodified audit opinion.

25.3 Appropriation Statement

The Ministry incurred expenditures totaling \$13.4 million in 2023 against a revised budget of \$13.5 million. A total of \$126,982 in revenue was collected by the Ministry.

Details of expenditures against the revised budget are provided in Table 25.1

Table 25.1: Head 25 - Appropriation Statement for 2023

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate (\$) | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|------------------------------------|----------------------|-----------------|-----------------------|-------------------------|---------------------------|
| 1 | Established Staff | 2,133,397 | (289,165) | 1,844,232 | 1,839,030 | 5,202 |
| 2 | Government Wage Earners | 202,882 | 65,467 | 268,349 | 264,340 | 4,009 |
| 3 | Travel & Communications | 132,500 | 185,030 | 317,530 | 308,560 | 8,970 |
| 4 | Maintenance & Operations | 275,800 | 68,712 | 344,512 | 341,967 | 2,545 |
| 5 | Purchase of Goods & Services | 494,150 | 41,403 | 535,553 | 530,755 | 4,798 |
| 6 | Operating Grants & Transfers | 9,215,500 | --- | 9,215,500 | 9,212,249 | 3,251 |
| 7 | Special Expenditure | 531,000 | (108,490) | 422,510 | 414,732 | 7,778 |
| | Total Operating Expenditure | 12,985,229 | (37,043) | 12,948,186 | 12,911,633 | 36,553 |

| SEG | Item | Budget Estimate (\$) | Changes (\$) | Revised Estimate (\$) | Actual Expenditure (\$) | Lapsed Appropriation (\$) |
|-----|----------------------------------|----------------------|------------------|-----------------------|-------------------------|---------------------------|
| 8 | Capital Construction | --- | --- | --- | | --- |
| 9 | Capital Purchase | --- | --- | --- | --- | --- |
| 10 | Capital Grants & Transfers | 722,364 | (295,957) | 426,407 | 413,232 | 13,175 |
| | Total Capital Expenditure | 722,364 | (295,957) | 426,407 | 413,232 | 13,175 |
| 13 | Value Added Tax | 129,007 | 13,000 | 142,007 | 128,306 | 13,701 |
| | TOTAL EXPENDITURE | 13,836,600 | (320,000) | 13,516,600 | 13,453,171 | 63,429 |

PART B: ASSESSMENT OF FINANCIAL REPORTING

25.4 Preparation of Draft Agency Financial Statements

When Ministries and Departments achieve the key focus areas highlighted by the Permanent Secretary for Finance by the given dates, they are more likely to prepare accurate and timely draft financial statements for audit.

| KEY FOCUS AREAS | ACHIEVEMENT | KEY FOCUS AREAS | ACHIEVEMENT |
|---|-------------|--|-------------|
| Cancellation of unprocessed purchase orders by 18 July 2023 | ✓ | Processing of virement by 18 August 2023 | ✗ |
| Retirement of Imprest by 14 July 2023 | ✓ | Completion of reconciliations by 25 August 2023 | ✓ |
| Processing of payments by 28 July 2023 | ✓ | Submission of arrears of revenue return by 25 August 2023 | ✗ |
| Closing date for journal adjustments by 17 August 2023 | ✓ | Clearance of Inter-departmental clearance accounts by 08 August 2023 | ✓ |

Based on information received, we have assessed the 2023 year-end closing process as:

| Rating | Year-end closing process assessment |
|-----------------------|---|
| ☀ Generally effective | 6 key processes completed by the due date |

25.5 Quality of Draft Financial Statements

We assessed the quality of draft financial statements by the impact audit adjustments had on the operating results or net assets. Our assessment of the Ministry of Youth and Sports was:

| Rating | Quality of draft financial statements assessment |
|-------------|--|
| 🌟 Effective | No adjustments required |

25.6 Timeliness of Draft Financial Statements


To assess the timeliness of acceptable draft financial statements, we have compared the date the draft financial statements were due and the date received for audit. Accordingly, we have assessed timeliness as:


| Rating | Timeliness of draft financial statements assessment |
|-------------|---|
| 🌟 Effective | Acceptable draft financial statements received before 31 October 2023 |

25.7 Timeliness of Provision for Management Comments and Financial Statements for Signing

To assess the timeliness of provision of management comments and signing of financial statements, we have compared the dates the draft management letter and audited financial statements were issued and the date management comments and signed accounts were received.

Accordingly, we have assessed timeliness as:

| Rating | Timeliness of Management Comments Received |
|---|---|
|  Ineffective | Received after 14 days from the issue date of Draft Management Letter |

| Rating | Timeliness of Signed Financial Statements Received |
|---|---|
|  Ineffective | Received after 14 days from the issue date of audited Financial Statement for signing |



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